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NOTE

The term 'Britain' is used informally in the *Survey of Current Affairs* to mean the United Kingdom of Great Britain and Northern Ireland. 'Great Britain' comprises England, Wales and Scotland.

By-elections and State of the Parties

Details of the results of two recent parliamentary by-elections and the present state of the parties in the House of Commons are given below.

The Ulster Unionist Party retained the seat at Upper Bann, Northern Ireland, and the Labour Party retained the seat at Bootle, Merseyside, in by-elections held on 17 May and 24 May respectively.

At Upper Bann the Ulster Unionist candidate, Mr David Trimble, won by a majority of 13,849 votes and at Bootle the Labour candidate, Mr Michael Carr, won by a majority of 23,517 votes. The by-elections were caused by the deaths in February of Mr Harold McCusker, Ulster Unionist MP for Upper Bann, and in March of Mr Allan Roberts, Labour MP for Bootle.

The results of the by-elections were as follows:

Upper Bann

D. Trimble (Ulster Unionist)	20,547
B. Rodgers (Social Democratic and Labour)	6,698
S. Campbell (Sinn Fein)	2,033
H. Ross (Ulster Independence)	1,534
T. French (Workers')	1,083
C. Jones (Conservative)	1,038

Five other candidates between them received a total of 2,513 votes; all lost their deposits, as did the Ulster Independence, Workers' and Conservative candidates. Votes were cast by 53·7 per cent of the electorate.

At the general election in June 1987, when 65·6 per cent of the electorate voted, the seat was held by the Ulster Unionists, with Mr Harold McCusker polling 26,037 votes, followed by the Social Democratic and Labour candidate with 8,676 votes and the Sinn Fein candidate with 3,126.

Bootle

M. Carr (Labour)	26,737
J. Clappison (Conservative)	3,220
J. Cunningham (Liberal Democrats)	3,179
S. Brady (Green)	1,267

Four other candidates between them received a total of 1,074 votes; they and the Green Party candidate lost their deposits. Votes were cast by 50·2 per cent of the electorate.

At the general election of June 1987, when 72·9 per cent of the electorate voted, the seat was held by the Labour Party, with Mr Allan Roberts polling 34,975 votes, followed by the Conservative candidate with 10,498 votes and the Alliance candidate with 6,820 votes.

State of the Parties

Following the by-elections, the state of the parties in the House of Commons is:

Conservative	372
Labour	227
Liberal Democrats	19
Social Democrats[1]	3
Labour – Independent	1
Scottish National	4
Plaid Cymru (Welsh Nationalist)	3
Ulster Unionist (Northern Ireland)	9
Democratic Unionist (Northern Ireland)	3
Social Democratic and Labour (Northern Ireland)	3
Ulster Popular Unionist (Northern Ireland)	1
Sinn Fein	1
TOTAL	646

The four remaining seats are held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means), who do not vote except in their official capacity in the event of a tie. The government majority over all the other parties is 98 although the Sinn Fein MP has not taken his seat.

Shorter Notes

SOCIAL DEMOCRATIC PARTY

On 3 June the national committee of the Social Democratic Party (SDP) voted to suspend the operation of its constitution. A statement endorsed by the committee said that the SDP no longer had the levels of membership or popular support required to sustain it as a democratically based national political party. The three SDP MPs intended to remain as Social Democrats, retaining a whip in the House of Commons; SDP peers intended to do the same in the House of Lords. The MPs and peers would do all

[1]The Social Democratic Party voted on 3 June to suspend its constitution (see above).

they could to support individual Social Democratic councillors and others who might wish to stand as Independent Social Democrats for Parliament, and the MPs expected to fight the next general election as Independent Social Democrats. The former Campaign for Social Democracy was to be revived, to pursue some of the aims and values of Social Democrats.

The SDP was formed in 1981 (see p 88, 1981). In 1988, following a ballot of party members, it merged with the Liberal Party to form the Social and Liberal Democrats (Liberal Democrats), but a separate SDP continued to exist, consisting of those members of the SDP who opposed the merger (see p 94, 1988).

NORTHERN IRELAND

The Government has accepted the recommendations of the Stevens inquiry regarding the dissemination and control of sensitive information in Northern Ireland. The inquiry, headed by Mr John Stevens, deputy chief constable of Cambridgeshire, was established by the Royal Ulster Constabulary (RUC) in 1989 to look into allegations of collusion between members of the security forces and loyalist paramilitary organisations.

Reporting to the House of Commons on 17 May, the Secretary of State for Northern Ireland, Mr Peter Brooke, said that Mr Stevens's thorough and wide-ranging inquiry had received full co-operation from both the RUC and the Army. As a result of the inquiry, 94 people had been arrested, of whom 59 had either been charged with, or reported for, a variety of criminal offences. Mr Stevens had found that the passing of information to paramilitaries had been restricted to a small number of individuals and was neither widespead nor institutionalised. Moreover, he had recognised that steps taken by the police and the Army before and since September 1989 had already significantly reduced the risk of repetition. The report, however, contained a number of detailed recommendations designed to improve further the arrangements for the control of all sensitive information; some of these had been, and others were being, implemented.

Mr Brooke emphasised that no charges had been laid against any member of the RUC. While there had been misbehaviour by a few members of the Ulster Defence Regiment (UDR), the Government welcomed Mr Stevens's conclusion that it would be wholly wrong to believe that a significant number of UDR members were involved with paramilitaries. Steps had been taken to tighten up procedures for screening potential UDR members, and Mr Stevens had made recommendations for further improvements in this area.

Source: *Hansard,* Vol 172, No 108, cols 1027-37.

North Atlantic Treaty Organisation

The future of the North Atlantic Treaty Organisation in a changing Europe was the main theme of a speech by the Prime Minister, Mrs Margaret Thatcher, and of discussions held by a North Atlantic Council meeting of foreign ministers in June. Earlier, in May defence ministers of the Alliance's Defence Planning Committee also met to review strategy in the light of developments in Europe. At a summit meeting in Washington between 31 May and 3 June, the Presidents of the United States and the Soviet Union signed agreements on arms control.

PRIME MINISTER'S SPEECH

Addressing foreign ministers of the North Atlantic Council on 7 June, Mrs Thatcher said that the North Atlantic Treaty Organisation (NATO), 'the most successful Alliance in history', had deterred war without having to fight one and had halted the spread of communism. It had demonstrated 'unprecedented unity and resolve' among its members and had kept the hope of freedom alive in the hearts of millions of people in Eastern Europe and the Soviet Union. The Alliance had also convinced Soviet leaders that the Cold War, which they had instigated, 'had done far more damage to their own country and cause – economically, politically and morally – than it ever did to the democratic nations'.

The landscape of Eastern Europe was changing radically 'with the crumbling of communism', Mrs Thatcher said. The West no longer thought of the countries there as 'potential enemies or as part of a wider threat to our way of life. They are friends in need of help, wanting to return to their rightful place in Europe.' The Soviet forces were also withdrawing from almost all of these states; NATO no longer had a clear front-line politically, while, militarily, the implementation of a Conventional Forces in Europe (CFE) agreement would virtually eliminate the possibility of a surprise attack on NATO as the Defence Planning Committee had concluded (see p 203).

However, Mrs Thatcher pointed out that these changes in Europe did not diminish the need for NATO. The Soviet Union still had formidable military capability which would continue for the foreseeable future; there could also be new threats to the West's security originating from outside Europe altogether. Although NATO had to keep its capacity to deter conflict and to defend the Alliance, the new situation strengthened the case for change. The task of the Atlantic Council and the forthcoming NATO summit in London in July was 'to strike the right balance between preserving the essentials of NATO as it is now, and adapting it to new circumstances'. Member states had to consider how to extend NATO's role from preventing war to building peace; to identify the threats that would be faced in future and the forces and strategies needed to meet them; and to look at how NATO would fit in with the many other organisations which would be managing Europe's future.

NATO Principles

There were four 'absolutely fundamental elements' of NATO that would be required in the future, Mrs Thatcher continued:

1 The maintenance of secure defence, since political commitments and undertakings alone could not provide security.

2 The continuation of collective security, involving a united Germany as a full member of NATO and its integrated military structure. The people of both Germanies wanted this as did most countries in Eastern and Central Europe. There should also be transitional arrangements for Soviet forces in the former East German state, together with other safeguards to meet Soviet concerns. However, having accepted the right of the German people to determine their future and unite, Europe could not dictate their associations or alliances.

3 The preservation of the United States' conventional and nuclear forces in Europe not only to balance Soviet strength but also because the drawing together of the United States and Europe was 'the very heart of NATO'.

4 The requirement of up-to-date nuclear weapons, based forward in Europe, as 'the best guarantee of our defence and security', in particular for members that would be in the front-line if there were to be a new conventional war. The decision of the United States President to terminate work on the successor to Lance and on modernisation of nuclear artillery showed that NATO was ready to take account of changed circumstances (see footnote to p 200). Member states also had to consider their objectives in negotiations to reduce short-range, ground-launched nuclear missiles. However, the Prime Minister stressed that they had to retain 'sufficient nuclear weapons, and the means of delivering them, to meet our long-term security needs'.

Other Changes in NATO

Mrs Thatcher outlined other military and political areas where NATO needed to adapt:

1 The up-dating of NATO's military strategy to take account of the Soviet troop withdrawals and the prospect of a CFE agreement; and consideration of whether the existing strategy of forward defence in Central Europe was still suitable, or whether there should be defence in depth and greater reliance on mobility, flexibility and reserves.

2 The consideration of other potential threats to security that might originate outside Europe and the need to retain a capacity to carry out multiple roles with more flexible and versatile forces.

3 A review of NATO's organisation and structure, including a rationalisation of military production and an examination of the feasibility of making NATO forces more multinational.

Political Roles

On the need for NATO to take a more effective political role, Mrs Thatcher said that it should become 'the main forum for transatlantic dialogue'. The European members individually and collectively had to support and underpin the United States in its work in preserving global peace, and should give greater weight to political consultation on wider world problems. They could also build up the transatlantic relationship in trade and finance. More emphasis on NATO's political role and activities, such as arms control and verification, would make it easier for the Soviet Union to come to terms with NATO's continued existence and German membership of it, while in addition helping NATO governments to maintain public understanding and support for the Alliance in their own countries.

The Alliance had to help the Eastern European countries to be more secure, Mrs Thatcher continued. Although in keeping NATO intact there was a risk of making these states feel excluded at the very time that the West wanted to draw them into the mainstream of Europe, NATO could not offer them security guarantees or extend the Alliance's membership at present. However, NATO could build up the Conference on Security and Co-operation in Europe (CSCE) as the body within which political and security issues affecting Europe as a whole could be discussed. While the CSCE could not be a substitute for a NATO defence guarantee, it could provide a 'framework of growing trust and confidence which will make both East and West feel more secure – from the Atlantic right to the Urals'. In this way, Europe's future would be determined by three principal institutions:

1 the European Community, with a network of association agreements with Eastern Europe, as 'the engine of Europe's economic development and prosperity';

2 NATO, as 'the guarantee of [Europe's] security and the focus of the transatlantic partnership'; and

3 CSCE, as 'the wider forum bringing in . . . the Soviet Union and Eastern Europe for full discussion of all East-West issues'.

These three organisations would together be 'a sturdy construction to ensure continuing peace and stability'.

NORTH ATLANTIC COUNCIL

The following message and final communiqué (slightly abridged and with headings added) were issued by the foreign ministers of the North Atlantic Council, which met in Turnberry, Scotland, on 7 and 8 June.

MESSAGE FROM TURNBERRY

We . . . express our determination to seize the historic opportunities resulting from the profound changes in Europe to help build a new peaceful order in Europe, based on freedom, justice and democracy. In this spirit, we extend to the Soviet Union and to all other European countries the hand of friendship and co-operation.

True and enduring security in Europe will be best assured through mutual acknowledgement and understanding of the legitimate security interests of all states. We are ready to contribute actively to building confidence and closer relations between all European countries, including the members of the two alliances. We welcome the statement issued by the members of the Warsaw Treaty Organisation in Moscow on 7 June.[1] *We are encouraged by the positive spirit conveyed in this declaration and in particular by the readiness on the part of the countries issuing it for constructive co-operation.*

The CSCE [see p 159] *process . . . should be strengthened and given effective institutional form. We are committed to work for a rapid and successful conclusion of the Vienna negotiations on conventional forces* [Conventional Forces in Europe]. *The arms control process must be vigorously pursued.*

We are convinced that German unification is a major contribution to stability in Europe [see pp 169-70]. . . .

FINAL COMMUNIQUÉ

The historic events that have occurred since we met last December in Brussels confirm that Europe is entering a new era [see pp 9-12]. *The countries of Central and Eastern Europe are taking decisive steps to establish democratic institutions, hold free elections and promote political pluralism and market-oriented economic policies. Germany is peacefully and democratically moving towards unity. . . . A continent divided for four decades is searching for new patterns and structures of co-operation. These positive trends are having repercussions beyond Europe: democracy, the search for peaceful solutions and respect for human values are gaining ground in other parts of the world as well. Our Alliance remains vitally important as an instrument both for ensuring the security of its members and the stability of Europe and as a keystone of our efforts to build a new European order of peace. At this meeting, we have looked ahead to both continuing and new Alliance tasks in support of the positive changes in Europe, in preparation for the decision to be taken by our Heads of State and Government next month in London. To that end, we have confirmed our agreement on the following points.*

[1]On 7 June the seven countries of the Warsaw Pact declared their intention to review 'the character, functions and activities of the Warsaw Treaty' and to transform it into 'a treaty of sovereign and equal states that is built upon democratic principles'.

Arms Control and Disarmament

CFE Treaty

We strongly emphasise that we attach the highest priority to the conclusion this year of a CFE treaty. This must encompass all subjects under negotiation, and result in substantial, binding, verifiable reductions of conventional forces in Europe, thus eliminating destabilising disparities and the capability to launch a surprise attack or initiate large-scale offensive action. Such a treaty would be a dramatic advance towards greater stability and security in Europe. That goal is within sight, and it is now imperative that the remaining obstacles to its achievement be removed. We remain ready to take account of the stated interests of the other participants and to explore all open issues on the basis of a willingness on all sides to make reasonable compromises. We have therefore instructed our negotiators in Vienna to pursue new approaches to mutually acceptable solutions, in particular on aircraft, armour and verification. We call on the Soviet Union to co-operate in reaching agreement on all substantive issues this summer, in order that progress can be made on the broader agenda for the construction of a new Europe, including a CSCE Summit later this year.

Allied governments will continue to work for substantive results in the CSBM [confidence- and security-building measures] *negotiations, in the form of an agreement later this year. To that end, Allies have recently proposed a series of innovative co-operative measures, such as a mechanism for discussion of unusual activities of a military nature and annual implementation assessment meetings. ...*

As soon as a CFE agreement is reached, Allies will be prepared to undertake follow-on negotiations to further enhance security and stability in Europe. The objectives of these follow-on negotiations, and of our further quest for European security, including through conventional arms control, will be considered at our meeting of Heads of State and Government.

Strategic Arms Reductions

We welcome the progress attained at the US-Soviet Summit held last week and, in particular, the agreement on major outstanding issues governing a START [strategic arms reduction talks] *treaty that will result in deep reductions in both sides' strategic nuclear weapons and greatly expand bilateral military transparency in that area, as well as agreement to begin further talks on strategic nuclear forces specifically devoted to achieving a more stable strategic balance after the current treaty is completed* [see p 204]. *We took special note of the progress represented by the signature at that Summit meeting of verification protocols for treaties limiting nuclear testing and expressed our satisfaction with the bilateral agreement that will drastically reduce both sides' stocks of chemical weapons.*

Chemical Weapons

We believe the US-Soviet agreement on reducing chemical weapons stockpiles will provide great impetus towards the earliest possible conclusion of the convention for an effectively verifiable, global and comprehensive ban on chemical weapons now being negotiated, which remains our goal [see below]. *All Allies hereby state their intention to be among the original signatories to the convention and to promote its early entry into force. We call on all other states to undertake a similar commitment. We reaffirm our determination to work to prevent the proliferation of nuclear and chemical weapons and of missiles capable of carrying such weapons.*

Open Skies

We will pursue the "Open Skies" initiative [see pp 12 and 159], *convinced that such a regime would make a significant contribution to the openness and transparency we wish to encourage. We therefore regret that our efforts to reach such an agreement have thus far not been successful and look to the Soviet Union to join with us to take the steps necessary to create an "Open Skies" regime that will increase calculability, mutual confidence and the security of all participants.*

Verification

Recognising that the verification of arms control treaties is destined to become a long-term task for the Alliance, we have decided to establish a co-ordination mechanism for this purpose.

Support for Eastern European and Soviet Reforms

We agree on the crucial importance of the political and economic reforms underway in the states of Central and Eastern Europe and the Soviet Union. The continued progress of these states towards becoming democratic and economically prosperous partners co-operating with us will be an important element in the future security and stability of Europe. We are prepared to support their efforts to integrate their economies more closely into the world economy and to widen and deepen the scope of our co-operation . . . thus contributing to the success of their reform programmes. . . .

Soviet Military Strength

The historic changes . . . have not removed all grounds for concern about the stability and security of Europe. Moreover, we cannot be oblivious to the fact that the Soviet Union will retain substantial military capabilities, which it is continuing to modernise and which have implications for our defence.

Military Strategy

The need to maintain our common defence remains vital. The Alliance's role in preventing conflict, precluding the use or threat of force against any of its members and guaranteeing stability will continue to be essential. That role is built upon the principle of the indivisibility of security for all member countries and embodies an indispensable link between North America and European democracies. For the foreseeable future, the prevention of war will continue to require an appropriate mix of survivable and effective conventional and nuclear forces, at the lowest levels consistent with our security needs. Our resolve, our commitment to the equitable and widespread sharing of responsibilities, and our solidarity with which we have maintained adequate collective defence arrangements for so long, including the presence of significant North American conven-

tional and nuclear forces in Europe, will continue to be crucial factors in the maintenance of peace in Europe.

The military risks facing the Alliance have already decreased substantially, and implementation of a successful CFE agreement would result in a further dramatic improvement. The principles of Alliance security set out in May 1989 in the Comprehensive Concept of Arms Control and Disarmament are the basis for our further work in assessing the implications of the changing situation in Europe for our strategy [see pp 226-30, 1989]. *Thus, those governments . . . participating in the Defence Planning Committee welcome its recent decision to undertake a review of NATO's military strategy, and the means of implementing it . . .* [see p 203]. *They also welcome the invitation to the NATO Military Authorities to undertake a study of the possibilities for greater use of multinational forces. They endorse the US President's recent proposal that negotiations on US and Soviet short-range nuclear weapon systems in Europe begin shortly after a CFE agreement is concluded.*

CSCE Process

We see the CSCE process as an important framework for far-reaching reforms and stability and as a central element in the construction of a new Europe, along with other European institutions including the Alliance itself. The function of the CSCE will be complementary to that of the Alliance. The CSCE, having from the outset served to ease the burden of the division of Europe, will now become evèn more vital as an instrument for developing structures for a Europe whole and free and for co-operation within a united continent. The Allies look forward to an early outcome to the CFE negotiations ... and to continued progress in the talks on confidence and security-building measures, which . . . will lay the necessary basis for the CSCE Summit this year. . . .

Furthermore, it is the hope of the Allies that the "2 + 4" process [see pp 169-70] *will be completed prior to the CSCE Summit. That Summit will help consolidate the changes that have taken place in Central and Eastern Europe, and provide substantial new impetus to the CSCE process in all main areas of the Helsinki Final Act. To this end, implementation in letter and spirit of all CSCE obligations by all CSCE participating states remains essential. . . . A number of valuable proposals have been raised within the framework of Alliance consultations for the further development of the CSCE process and for enhancing regional co-operation efforts. They include a consultation mechanism on a high level as well as other arrangements in specific fields of co-operation. . . . We are pleased that other CSCE participants are equally developing their ideas. We welcome the decision of the foreign ministers of the 35 CSCE states at their meeting in Copenhagen on 5 June 1990 to establish a preparatory Committee for the Summit, and for ministers of the "35" to meet in the United States this autumn.*

Welcoming agreement at the recent Bonn Conference on Economic Co-operation in Europe on fundamental principles to guide the conversion from planned to market-oriented economies [see footnote to p 165], *we fully support the efforts of the Copenhagen meeting of the Conference on the Human Dimension now underway to reinforce and extend the protection and guarantee of human rights and individual freedom* [see pp 204-5]. *Allies place particular importance on resolutions concerning the right to free and fair elections held at regular intervals, a commitment to the rule of law, and rights of persons belonging to national minorities. . . . We hope that the Palma de Mallorca meeting on the Mediterranean will contribute to enhancing co-operation also in that region* [see p 46, 1989]. *We also welcome the interest recently expressed by the Albanian Government in associating itself with the CSCE process and the commitments therein. We look to the Albanian Government to demonstrate its willingness to comply with all existing CSCE commitments, including those on human rights.*[1]

German Unification

We note with pride that after 40 years as a divided city, Berlin is finally growing together again. The Berlin Wall has come down. This heralds the long-awaited ending of the post-war era and of the division of Germany and of Europe. The realisation of the unity of Germany has always been a primary goal of our Alliance. Therefore, on the basis of our close and continuing consultations within the Alliance, we are united in actively supporting the progress that has already been achieved in the process of German unification; we also support the efforts underway in the "2 + 4" talks to seek a final settlement under international law terminating the Four Power rights and responsibilities relating to Berlin and Germany as a whole, and without the establishment of constraints on the sovereignty of Germany.

A united Germany must have the right, recognised in the Helsinki Final Act, to choose to be a party to a treaty of alliance. We believe that European stability, as well as the wishes of the German people, requires that a unified Germany be a full member of this Alliance, including its integrated military structure, without prejudice to stated positions about nondeployment of NATO forces on the present GDR [German Democratic Republic] *territory. The security guarantee provided by Articles 5 and 6 of the North Atlantic Treaty will extend to all the territory of a united Germany. We seek no unilateral advantage from German unity and are prepared to demonstrate this, taking into account legitimate Soviet security interests. A free and democratic Germany will be an essential element of a peaceful order in Europe in which no state need harbour fears for its security against its neighbours. . . .*

Baltic Republics

We express the wish that the problems accompanying the difficult internal transition of the Soviet Union be solved in a constructive manner and to the satisfaction of all concerned. In this context, we firmly support the expectations and aspirations of

[1] In April Albania, which maintains a communist regime, announced its intention to take part in the CSCE process, as well as the end of its opposition to diplomatic relations with members of the European Community, the Soviet Union and the United States.

the Baltic peoples.[1] *It is our understanding that the leaders of Lithuania and the Soviet Union have indicated their willingness to begin a dialogue upon the suspension – and not retraction – by the Lithuanian leadership of the implementation of their declaration of independence. We appeal to all parties to show flexibility and enter into true dialogue to reach an early solution.*

Future Developments

The developments . . . are producing far-reaching changes in the political and military fundamentals of European security, and consequently in the conditions under which our Alliance is required to work.

These changes call into question neither the necessity for maintaining the Alliance nor the permanence of its fundamental features. We will keep our Alliance dynamic and cohesive and will continue to foster a solid and fruitful transatlantic relationship between North America and an increasingly united Europe. We will remain cognisant of the need for intra-Alliance co-operation and assistance. We must continue . . . to deepen and strengthen our political consultation and, where appropriate, co-ordination.

Thus, while ensuring that the permanent principles which form the basis of our Alliance and guarantee its effectiveness are preserved, we must today adapt it to the enormous changes now taking place.

We have already begun this process in the political and defence spheres, as demonstrated by our ministerial consultations this spring. We have shown ourselves ready, through the arms control negotiations . . . to adjust the size of the Allies' conventional and nuclear forces. We have noted that the Defence Ministers who participate in the Nuclear Planning Group and the Defence Planning Committee have decided to reconsider their strategy. Although the prevention of war will always remain our fundamental task, the changing European environment now requires of us a broader approach to security based as much on constructive peacebuilding as on peace-keeping. . . .

DEFENCE PLANNING COMMITTEE

Meeting in Brussels on 22 and 23 May, defence ministers of NATO's Defence Planning Committee agreed to undertake a review of military strategy which would take account of the new developments in Central and Eastern Europe (see p 199).

Ministers agreed, in particular, that the 1977 general target of an annual 3 per cent increase in defence expenditure was 'no longer appropriate', although expenditure plans would continue to reflect particular national circumstances. The need to maintain a credible and effective defence would remain the basis for determining the resources required for the Alliance's collective defence. Although some reduction in defence expenditure could be expected as a result of the CFE treaty now being negotiated, these savings would be partly offset by the costs of destruction, verification and the necessary restructuring of NATO forces. In the longer term, further reductions in defence expenditure could be possible through a continuation of the arms control process.

Defence ministers also decided to lower the readiness and availability of a number of NATO's standing forces. Noting that NATO had already made significant cuts in the size and number of exercises, ministers agreed to make further substantial reductions and adjustments to training programmes.

Regarding the longer term, ministers attached importance to a NATO study into the possibilities for greater use of multinational forces. The scope for making greater use of civil resources for defence and a plan aimed at maximising the benefits of armaments co-operation in a post-CFE environment are also being examined.

WASHINGTON SUMMIT

At their meeting in Washington, the United States President, Mr George Bush, and the Soviet President, Mr Mikhail Gorbachev, signed agreements on reducing chemical weapons and on verification protocols to US-Soviet nuclear testing treaties. They also agreed to complete the START negotiations in 1990.

Chemical Weapons

The chemical weapons agreement, based on President Bush's proposals made at the United Nations in September 1989 (see p 376, 1989), calls for the destruction of the bulk of the declared chemical weapons stockpiles held by the United States and the Soviet Union, with on-site inspections to confirm that destruction has taken place. Implementation will begin in 1992 provided that this can be undertaken 'in a safe and environmentally sound manner'. Destruction will proceed until both sides have reached a declared stockpile of 5,000 tons by 2002, about 20 per cent of the existing US stockpile. They will also cease chemical weapons production when the bilateral destruction agreement enters into force, without waiting for a global chemical weapons convention.

The two signatories will also encourage all states capable of manufacturing chemical weapons to become parties to a comprehensive, verifiable global chemical weapons ban. If such a convention was concluded, they agreed to accelerate the destruction of their own chemical weapons so that by the eighth year of the global ban their declared stocks would be no more than 500 tons each.

Nuclear Testing

The two verification protocols provide for effective verification of compliance with the US-Soviet 1974 Threshold Test Ban Treaty and the 1976 Peaceful Nuclear Explosions Treaty (see p 193, 1987, and p 10, 1988). The 1974 treaty covers all underground nuclear weapons tests and the 1976 treaty covers all individual nuclear explosions conducted for peaceful purposes.[1] Both treaties ban nuclear explosions exceeding 150 kilotons. Neither treaty was ratified

[1]The independent states of Estonia, Latvia and Lithuania were annexed by the Soviet Union in 1940. In February and March 1990, elections to the Lithuanian Supreme Soviet were held, in which a nationalist movement, *Sajudis*, won nearly 70 per cent of the seats. On 11 March, the new parliament declared unilateral independence from the Soviet Union; on 17 April the Soviet Government imposed economic sanctions against the republic. Estonia (on 25 March) and Latvia (on 4 May) also declared their independence, to take place only after a period of transition.

[1]The United States has conducted no nuclear tests for peaceful purposes since 1973; the Soviet Union has conducted none since 1988.

because of differences over verification. The agreement, following negotiations that began in 1987, provides verification methods, including hydrodynamic yield measurement, on-site inspection and some seismic monitoring on the territory of the testing party.

Strategic Nuclear Weapons

In a joint statement issued on 1 June, the United States and Soviet leaders expressed their satisfaction with the progress in the START negotiations (see p 160), and reaffirmed their determination to have the treaty completed and ready for signature by the end of 1990. The START treaty, the statement said, would signal 'a turning point in US-Soviet arms control efforts towards a more rational, open, co-operative, predictable and stable relationship'. Under the proposed treaty, both sides, for the first time ever, would carry out 'significant reductions in strategic offensive arms – up to 50 per cent in certain categories. More importantly, these reductions will be designed to make a first strike less plausible. The result will be greater stability and a lower risk of war.'

Joint Statements on Arms Control

On the CFE negotiations, the US and Soviet Presidents agreed that an early conclusion was 'essential to the future stability and security of the continent' and reaffirmed their Malta Summit commitment to sign a CFE treaty in 1990 (see pp 455-6, 1989). They also pledged co-operation with each other 'and with other members of the international community to develop and to put into action concrete measures' against the proliferation of nuclear and chemical weapons and missiles capable of carrying such weapons and their technologies (see p 160). The two sides also concluded a new agreement on co-operation in the peaceful use of atomic energy.

Bilateral Agreements

The two states signed an agreement on trade which would give Soviet imports lower US tariff rates and improved market access for US business, provided that the Soviet Union approves and implements new emigration legislation. Other bilateral agreements covered cultural relations, maritime transport and civil aviation, customs and student exchanges.

Human Rights

At the Conference on the Human Dimension attended by member nations of the Conference on Security and Co-operation in Europe, the Foreign and Commonwealth Secretary, Mr Douglas Hurd, announced proposals setting out the essential conditions for free elections, political pluralism and a sound legal system. The Conference is taking place in Copenhagen from 5 to 29 June.

Speaking on 5 June, Mr Hurd said that in the light of the political transformation of Europe, the 35-nation Conference on Security and Co-operation in Europe (CSCE) should be developed to become a 'broad framework of security and stability' in which to pursue new courses of action and forms of co-operation. As part of the architecture of the new Europe, the CSCE should work in harmony with other international organisations, such as the European Community, the North Atlantic Treaty Organisation, the Organisation for Economic Co-operation and Development and the Council of Europe. 'We need to work out together over the coming months how the CSCE can best fit with these other institutions so that there is no wasteful duplication of effort but equally, no gaps.'

Britain looked forward to the summit in Paris later in 1990 where the future of the CSCE would be defined. The Prime Minister, Mrs Margaret Thatcher, and others had set out ideas on how the CSCE should develop (see pp 131 and 165), and Mr Hurd said that in the light of this constructive new thinking there were reasons for optimism about the outcome of such a summit.

The Human Dimension

In order to secure democracy and the wider practice of the ten principles of the Helsinki Final Act (see pp 307-15, 1975) throughout Europe, there remained a need for the CSCE to involve itself in the 'Human Dimension'. More far-reaching commitments to underpin the reforms embarked upon in Eastern Europe were necessary. 'The CSCE must keep abreast of the times. Sometimes in the past, we have had to settle for the lowest of common denominators in order to bridge the division of Europe. Now, we can undertake a more radical change in our approach.' An enhanced co-operative endeavour was needed to reinforce the fragile emerging democracies, and he called on those states attending the conference to undertake obligations which would guarantee the fundamental freedoms of expression, of association, of peaceful assembly and of movement.

Proposals

Britain, said Mr Hurd, would co-sponsor with the United States a proposal on free elections and political pluralism. The fair expression of the will of the people, through secret ballot, was the heart of any democracy, and individuals and groups had to be allowed to establish political parties and to seek positions of political office. The joint proposal would set out the essential conditions for periodic free elections.

Britain would also submit a joint text with France setting out the elements of a sound legal system in which respect for the law could be guaranteed. This proposal identified the need to ensure that legislation be published and accessible to all, that legal practitioners should be effectively independent, that innocence should be assumed until proof of guilt, and that the judiciary be independent of government.

While agreements were necessarily concluded between states, Mr Hurd said that the 'particular character of the CSCE process is that the rights and wellbeing of individual people are at the centre of our attention'.

The Human Dimension Mechanism

The Foreign and Commonwealth Secretary considered that one of the significant achievements of the CSCE Vienna follow-up meeting (see pp 43-9, 1989) was the 'Human Dimension mechanism'. This provided an opportunity outside regular meetings for CSCE states to monitor each other's human rights performance. The mechanism had been widely invoked, and Britain was willing to have its own performance scrutinised. He believed that for those states which were either unable or unwilling to become parties to other human rights institutions which provided for individual petition, the mechanism was a valuable way of submission to inquiry.

Problems of Minority Communities

In the new conditions of Europe, Mr Hurd continued, attention was focusing on the rights of national minorities. He recognised that problems were arising in consequence of renewed minority aspirations. 'Much remains to be done to make sure that those communities which can be minorities within a state but might in their own area make up the majority can enjoy the rights to which they are entitled without provoking instability or conflicts.' Some national minorities were already trying to break free from the 'sometimes oppressive control' to which they have been subjected, and Mr Hurd cited as examples the Hungarian community in Romania and the three Baltic republics (Estonia, Latvia and Lithuania) in the Soviet Union. He called on the Soviet Government to reconsider its economic sanctions against Lithuania and to enter into constructive dialogue with a view to reaching an outcome acceptable to all (see pp 202-3).

An attempt should be made to guarantee for those communities which felt disadvantaged, because of their national ethnic or religious background, the same rights as those enjoyed by their fellow citizens, said Mr Hurd. The cultural identity of such communities should be safeguarded, without imposing undue burdens on the state and without special privileges which might promote ethnic or religious unrest. Disputes between states, stemming from such questions, should not be allowed to get out of control and Mr Hurd proposed a conciliation mechanism as a means to that end.

Arab-Israeli Relations

Britain's view of the opportunities for peace in the Middle East was outlined in a speech by the Foreign and Commonwealth Secretary, Mr Douglas Hurd, to members of the Jordan-British Society in Amman on 31 May.

British-Jordanian Relations

Stressing the need to consolidate the traditional links between Britain and Jordan, Mr Hurd announced a 60 per cent increase in Britain's bilateral assistance over the next three years, bringing the total to £16 million.[1] Defence co-operation in the form of exchange visits and training schemes would continue. In the field of education, the availability of funds to support the training of Jordanians in Britain would be maintained and a new programme of scholarships, funded jointly with public and private sector institutions in Jordan, was to be introduced.

Israel and Its Arab Neighbours

Fundamental changes were taking place in Europe, said Mr Hurd, where the replacement of communism, country by country, by a new democratic consensus required the reshaping of policies with imagination and flexibility. He continued: 'That kind of imaginative thinking has to be applied also outside Europe and also in particular to the relationship between Israel and her Arab neighbours. . . . The end of the East-West confrontation highlights. . .the responsibility of the parties most immediately involved in this tragic, long-running dispute to find a solution.'

Jordan, Mr Hurd acknowledged, was a 'keystone' in Middle Eastern affairs. The Jordanian decision in 1988 to relinquish responsibility for the West Bank[2] had opened the way for the commitments given by the Palestine National Council and the Palestine Liberation Organisation (PLO) to recognise the existence of Israel and to renounce terrorism (see pp 12-13, 1989). The onus was now on Israel to enter into a dialogue with representative Palestinians.

A lasting settlement, said Mr Hurd, could only be reached through a compromise in which Israel recognised the Palestinian right to self-determination, and those on the Arab side, including the Palestinians, recognised Israel's right to exist within secure borders. In a reference to the current upsurge in violence,[3] Mr Hurd said that recent events on both sides of the Jordan river had shown that preservation of the status quo was not the answer. The key to a settlement had to be an exchange of territory for peace. United Nations Security Council Resolution 242, passed in 1967 (see p 12, 1989), and the Camp David Agreement of 1978 were no longer a sufficient basis for building confidence between Israel and its neighbours.

Mr Hurd did not believe that the prospects for a settlement were hopeless, citing the pace of recent political change in Europe and South Africa, but stressed that the 'moving force for change cannot be violence because violence in fact begets only violence'. In reference to an abortive seaborne raid on Israel by the Palestine Liberation Front on 30 May, he said that the deliberate planning of such acts of violence could only hinder the peace process. Similarly, the use of violence by Israeli security forces in the Occupied Territories was to be condemned.

Settlements in the Occupied Territories

Mr Hurd acknowledged that there was great anxiety in the Arab world over the issue of immigration of

[1] Representing project finance and the provision on grant terms of technical expertise and training.

[2] In July 1988 Jordan announced plans to cut administrative and legal ties with the Israeli-occupied West Bank.

[3] Widespread violence in Israel and the Occupied Territories was triggered by the murder of seven Palestinians by an Israeli gunman in Rishon le Zion on 20 May. Demonstrations also occurred in Jordan, and a group of French tourists were wounded by an Arab gunman in Amman.

Soviet Jews into Israel. Britain supported the liberalisation of Soviet policy on emigration (see pp 47 and 375, 1989) and did not oppose Jewish immigration into Israel. However, any such settlement in occupied territories such as Gaza, the West Bank, the Golan Heights or East Jerusalem was 'contrary to international law, needlessly provocative and an enormous complication in the search for a negotiated settlement'. It was in these territories, said Mr Hurd, that Palestinians had eventually to be free to exercise their right to self-determination, and he hoped that the Israeli Government would agree to a visit to the areas by a United Nations representative to report on the situation as a confidence-building step.

Western Support for Peace Process

The Foreign and Commonwealth Secretary said that Britain stood ready, as a Permanent Member of the UN Security Council and as a member of the European Community, to give encouragement and support to the peace process in the Middle East. In addition to the essential component of direct Israeli-Palestinian negotiation, Mr Hurd favoured an international conference to 'establish the legal framework of an agreement between the parties because an eventual structure of peace will need underpinning by the international community if it is going to remain stable'.

Mr Hurd warned that it would be dangerous to move back to a stage where there was no peace process, and that a collapse of negotiations would not suit Israeli interests. He said that the 'men of violence, wherever they may be, would then feel justified in turning on the PLO, turning on other Arab leaders, arguing that their reasonableness has been in vain and that the terrorist war, even if it took many years, was the only answer for the Palestinians'. Such a development was bound to weaken Israel's security.

With so much dialogue in other difficult areas of the world, Mr Hurd considered that the international community would not think it reasonable for Israel to reject the scheme for an international conference. Britain was sympathetic to Israel's hope for peace and security and well understood the determination to resist terrorism. 'But alongside resistance to terror has to come patient determination to find a political settlement.'

Hostages

The Foreign and Commonwealth Secretary described the continued holding of Western hostages in Lebanon as an inhumanity (see p 413, 1988, and p 372, 1989). Although three British citizens – Mr Terry Waite, Mr John McCarthy and Mr Jack Mann – remained in captivity, two United States hostages were released in April 1990 and Mr Hurd welcomed the role played by the Syrian and Iranian Governments in securing their release. He stressed that while every avenue was being explored to bring about the release of all the hostages, Britain would not offer deals which would bring advantage to the hostage-takers. To do so would 'buy the freedom of individuals perhaps at the price of the freedom of others and that is a price we are not prepared to pay'.

Mr Hurd said that the European Community would use its 'growing economic weight and political influence to help with the consolidation of peace'. He added that the completion of the single market in Europe in 1992 (see pp 106-7 and 167-8) should not be viewed as a threat to the countries of the Middle East, rather as a further opportunity for co-operation.

Euro-Arab Dialogue

Mr Hurd said that he had been encouraged by a meeting of the Euro-Arab dialogue[1] in December 1989, describing the renewal of contacts as useful. He viewed the relationships forged by the European Community with Arab states and with the Gulf Co-operation Council as a positive development, and hoped for improved ties in due course with the Arab Co-operation Council.[2]

The Middle East region would be denied the chance to develop its own potential if inherited tensions, conflicts and hatreds were not set aside. Mr Hurd noted that many nations had in fact taken the first steps away from hostility and suspicion, and were co-operating in tackling those problems which required an international response. In addition to terrorism, he cited the drugs trade,[3] environmental degradation, arms proliferation, immigration and over-population as examples of such problems. Mr Hurd continued: 'I do not believe that we are going to be able to settle these problems of the future either as single nations or even as limited regional groupings. So here again, because of the imperatives of the future, we need to heal disputes of the past and overcome the divisions so that we can unite to tackle these problems more effectively.'

Aid and the Environment

British policy on environmental problems in the developing countries is outlined in a booklet published by the Overseas Development Administration on 5 June.

The booklet[4] expresses support for the concept of 'sustainable development', defined as 'the handing down to successive generations not only of man-made wealth but also of natural wealth (like soil, water, plants and animals) in sufficient amounts to allow a continuing improvement in the quality of life'. Britain aims to make this concept 'an integral part of its domestic and international policies'.

The booklet points out that translating 'sustainable development' into practice requires a thorough

[1] A forum for consultation between European Community and Arab League member states. The December 1989 meeting in Paris marked a relaunch of the dialogue, a further meeting taking place in Dublin on 7 and 8 June.

[2] Comprising Egypt, Iraq, Jordan and Yemen, and formed in February 1989.

[3] An agreement on co-operation against drug trafficking was signed by Britain and Saudi Arabia on 2 June (see p 188).

[4] *The Environment and the British Aid Programme.* Available free from the information department of the Overseas Development Administration (ODA), Room E918, Eland House, Stag Place, London SW1E 5DH.

understanding of the complex relationship between people, resources, the environment and development. New mechanisms are also needed to enable sustainable development to be measured and progress towards its achievement assessed.

British Aims

The booklet says that British policy aims to:

1 persuade other governments and organisations of the compatibility of economic development and environmental protection;

2 examine the scope for an effective combination of market mechanisms and regulation, nationally and internationally;

3 encourage other countries to adopt economic measures designed to address global environmental problems;

4 support work to clarify the links between environmental degradation and population growth;

5 ensure that programmes to assist developing countries are environmentally sound and help them to tackle local, regional and global environmental issues; and

6 encourage other donor countries to address the environmental needs of developing countries.

The causes of environmental deterioration in the Third World are complex, the booklet says, including land tenure arrangements and policies that encourage unsustainable resource use; population growth; deforestation; the lack of, or failure to, enforce environmental controls; industrialisation; and inefficient energy use. The ODA has a role in helping recipients of British aid 'develop the institutions and policies necessary to incorporate environmental factors in their development strategies'. Most environmental issues involve the conservation of renewable natural resources; the ODA has contributed nearly £1,580 million between 1984 and 1988 in support of this objective.

Britain also supports the efforts of multilateral agencies to incorporate environmental objectives in structural adjustment programmes (see pp 462-3, 1989). In many instances, these programmes designed to reduce price distortions have beneficial environmental effects, such as the removal of subsidies on the use of fossil fuels, which will tend to encourage the more efficient use of energy.

While it is difficult to reconcile the objectives of conserving the environment in developing countries and alleviating poverty, the booklet says that the ODA's policy is to ensure that 'measures to improve the environment should not have the effect of making poor people worse off'. The ODA also places particular emphasis on the role of women, who in some areas could be 'the most important agents of primary environmental care – sustaining the resource base for social and economic development'.

The ODA offers assistance to developing countries to help them develop acceptable substitutes for chlorofluorocarbons (CFCs), to increase energy efficiency and to reduce deforestation. Britain supports international efforts to help these countries pursue economic reforms essential for the sustainable economic growth needed to provide the resources to deal with environmental problems. It contributes financial support for economic reforms through the International Monetary Fund and the World Bank and has led the way in cancelling £1,000 million of old debts owed by the poorest nations. Britain also favours arrangements known as 'debt-for-nature-swaps', under which a debtor country provides local currency for conservation in return for which an environmental organisation buys up at a discount some of that country's foreign debt in the market and cancels it.

British Aid for the Environment

Population

Britain's aid expenditure in the population sector rose from £6·5 million in 1981 to £17·2 million in 1989, the main recipients being the United Nations Population Fund and the International Planned Parenthood Federation. Britain also supports family planning activities in Africa and Asia, while in India multisectoral slum improvement projects are being provided to improve the welfare of families (see p 208).

Forestry

At the end of 1989 Britain was financing 115 forestry projects and a further 50 were in preparation, with a total value of £150 million. The main objectives of Britain's forestry aid are to help to:

1 enable developing countries to maximise the economic and social benefits that they enjoy from their forests in a sustainable way;

2 limit deforestation;

3 promote reforestation of degraded land and agroforestry;

4 increase the productivity of forestry through research;

5 conserve the world's plants and animals, most of which are unique to tropical forests; and

6 promote the more productive use of existing agricultural land and the identification of alternatives to unsustainable exploitation of forest resources.

As well as participating in the United Nations Food and Agriculture Organisation's Tropical Forestry Action Plan, Britain is also helping countries under its bilateral programmes, including the provision of £40 million for environmental projects, primarily forest, in India, and discussions with Brazil on eight forest projects under a memorandum of understanding (see pp 309-10, 1989). Britain is also assisting non-governmental organisations in 38 forestry projects (including those in Indonesia, Kenya, Papua New Guinea, the Solomon Islands and Vanuatu) and is funding more than 20 forestry research projects to improve the productivity of forests in developing countries.

Agriculture

The challenge for developing countries, the booklet continues, is to find ways to feed growing populations without exhausting soil and other resources required for future harvests. In Kenya the aim of Britain's Isiolo livestock development project is, among other things, to increase average production of livestock, and it has reviewed constraints on animal nutrition, livestock diseases, water supplies,

range management and marketing; other work includes surveys of range resources, an assessment of existing water resources and equipping a major borehole to provide for grazing during the dry seasons and droughts. Britain has been helping Yemen to provide an effective, self-sufficient, national veterinary service; between 1972 and the end of 1991, British aid in this area is expected to be £17 million.

To reduce the practice of dynamite fishing off the East Africa coastal reef the ODA has provided fishing gear to coastal communities in Tanzania, and introduced more efficient fishing methods; the ODA's Natural Resources Institute has developed a new kiln for fish drying, reducing by 75 per cent the amount of fuelwood needed for this traditional practice. In Bangladesh the ODA is participating with other donors in attempting to control seasonal flooding, by studying impacts on the fish populations and the fishing communities of the extensive floodplain areas and by building up information for use in the planning and design of flood protection structures.

Irrigation

Some irrigation systems have over time resulted in soil degradation and the abandonment of formerly fertile land, the booklet notes. The ODA funds work on techniques for measuring, predicting and controlling soil erosion, reservoir sedimentation, sediment movement in canals, soil salinisation and aquatic weed effects. Specific research to control a debilitating disease (schistosomiasis) transmitted by water-borne parasites led to a pilot scheme in Zimbabwe which indicated that environmental or engineering control methods, in association with other controls, could have an effect in reducing the incidence of the disease and its severity. Projects are also under way in Sri Lanka and Nigeria on understanding the link between irrigation practice and other water-related diseases, particularly malaria.

Energy

In helping developing countries to meet their growing energy needs the ODA focuses on projects designed to promote efficient energy conversion and use, and is encouraging governments to adopt realistic energy pricing policies.

In conjunction with the World Bank, the ODA is assisting a project to improve power efficiency in Pakistan; it includes the fitting of water heat recovery boilers to two gas turbine stations to increase their output by 50 per cent without any additional fuel consumption. The ODA also aims to increase the efficiency of all thermal stations, with the result that specific fuel consumption, and hence emissions, have been reduced by between 6 and 23 per cent.

Britain supports the use of renewable energy sources, such as hydropower and geothermal energy. Following ODA research, more effective and convenient cooking stoves fuelled by wood or charcoal have been introduced and the ODA has helped to establish the manufacture and marketing of 100,000 improved stoves a year in Sri Lanka; it has also developed a less polluting method of producing charcoal from coconut shells. In India, Britain is to give £50 million towards energy efficiency projects (see p 172).

Urban Environment

The ODA collaborates with international organisations in studying the environmental problems of urbanisation. In Britain, it funds research designed to reduce the costs of municipal services and to improve methods of waste water treatment and the composting of refuse. In an ODA initiative in Ismailia, Egypt, people were allowed to build and extend their own houses on their own plots. Other ODA projects in Malawi and Botswana have provided low-cost housing on individual plots with water supplies and sanitation to replace squatter and shanty towns.

In India, the ODA supports slum improvement schemes in a number of cities, focusing on the provision of clean water, health care and nutrition, education, recreation and shelter programmes, sewer lines, storm drains, clean water connections, dustproof roads, stone walkways and street lighting. The ODA also participates in urban water projects, designed to reduce the levels of pollution in the waterways by improving the treatment of sewage and by monitoring the quality of the river water.

Aid to Africa

British policy regarding aid to Africa was outlined by the Foreign and Commonwealth Secretary, Mr Douglas Hurd, in a speech in London on 6 June.

Addressing the Overseas Development Institute, Mr Hurd said that one of the main tasks of overseas aid would remain the relief of poverty, hunger and disease. Policies, however, needed to go further and the contribution made by Africa itself had a material influence on the scope and emphasis of aid policy. Given competing priorities and limited resources, policy makers in the donor countries could not afford to ignore the relative effectiveness of aid, which had to go where it could clearly do the most good.

Although life expectancy and adult literacy had improved and big investments had been made in roads, ports, telecommunications and power, Mr Hurd said that in terms of living standards Africans were hardly better off than 30 years ago. For many the experience in recent years had been 'political repression and conflict, falling per capita incomes, increasing hunger [and] accelerating ecological degradation'.

Mr Hurd observed that, as in Eastern Europe, there was a growing awareness in Africa of the need to move away from inefficient authoritarian models of government. Although no-one believed that good government alone could perform miracles where natural resources were inadequate, too many of Africa's resources had been dissipated by war, bad management and, in some countries, corruption. Economic success depended to a very large extent on effective and honest government, political plural-

ism, observance of the rule of law, and freer and more open economies.

Aid Criteria

These were choices for Africans to make, Mr Hurd continued. However, 'aid donors can help, where the will is there, by providing assistance and training to strengthen legal, financial and other institutions which help form the fabric of a healthy society'. He added: 'They should consider potential recipients of aid in the light of certain criteria. Countries which tend towards pluralism, public accountability, respect for the rule of law, human rights [and] market principles, should be encouraged. Governments which persist with repressive policies, corrupt management, [and] wasteful discredited economic systems should not expect us to support their folly with scarce aid resources which could be used better elsewhere.' These were the tests which Britain and other countries were applying in Eastern Europe and wanted to see more widely accepted because they were effective and beneficial.

The Private Sector

Commenting on the role of the private sector, Mr Hurd said that African governments had to create a more favourable climate so that the present low level of private investment could improve. This climate would include a sound legal framework, protection of investments and a consistent economic policy.

Mr Hurd pointed out that many African countries had recently adopted new and better development strategies, a lesser role for the state and economies based increasingly on the market: 'All these things are increasingly seen as essential and with the support of aid donors many countries have worked out adjustment programmes which reflect these principles.' These programmes were now more flexible and long term; they paid more attention to social factors, and the support of donors was increasingly closely co-ordinated.

Debt

On the question of debt, Mr Hurd said that African governments could not face the problem alone, and more needed to be done to reduce the heavy servicing obligations on a debt burden exceeding US$100,000 million. Some progress was being made, with the poorest African countries benefiting from Britain's policy of writing off old aid loans worth £263 million. Although 15 African countries had already rescheduled official debts on concessionary terms, 'a further collective effort by the donor community will be needed if Africa's financing requirements in the coming decade are to come at all close to being met'.

Britain's Contribution

Mr Hurd said that Britain was spending some £35 million to help refugees in Africa and had given £23 million to the World Health Organisation's global and national programmes on AIDS and to education projects throughout Africa. British bilateral aid to countries in sub-Saharan Africa – over half of its total bilateral aid – was about £500 million in 1989. Capital projects would remain important, but programme aid would remain vital to keep essential imports flowing and to ensure that the vulnerable did not suffer from the adjustment process. Donors would increasingly have to help in managing services, especially in health and education.

Conclusion

Noting that Africans themselves had to tackle political and economic reform, Mr Hurd pointed out that they would expect and deserve the assistance of the international aid community where they made serious efforts to confront these challenges. In these efforts, he concluded, they could count on Britain's support.

Shorter Note

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Chancellor of the Exchequer, Mr John Major, announced in the House of Commons on 22 May that the Government welcomed the decision to establish the European Bank for Reconstruction and Development in London. It was particularly welcome that London would be the centre of the international effort to help Eastern European countries build on the reforms that they had made and to assist them in their move to market economies.

The establishment of a bank to help develop private sector initiative in the emerging democracies of Central and Eastern Europe was agreed in principle at the Strasbourg meeting of the European Council in December 1989 (see pp 457-9, 1989). Britain will have an 8·5 per cent share in the Bank as will France, the Federal Republic of Germany, Italy and Japan. Only the United States will have a larger share, with 10 per cent. The Bank's main focus will be on the private sector; at least 60 per cent of its financing will be either directly to private sector companies or to facilitate privatisations. It will have the ability to make loans, or co-finance them with others, and make equity investments.

Sources: *Hansard,* Vol 173, No 111, written answers, cols 97-8; HM Treasury news release, 22.5.90.

Taxes and Social Security Contributions

Together with most other industrialised countries, Britain experienced a rise between 1977 and 1987 in the share of gross national product taken by taxes and social security contributions – from 39 per cent to 44 per cent. Corporate taxes grew in relative importance with the development of the oil sector. The share of indirect taxes increased substantially between 1977 and 1982, but was no higher by 1987.

The April 1990 issue of *Economic Trends*[1] contains an article on international comparisons of taxes and social security contributions in 17 member countries of the Organisation for Economic Co-operation and Development from 1977 to 1987 (although complete data are not available for all countries).

Taxes and Social Security Contributions in Relation to National and Domestic Product

Taxes and social security contributions accounted for 44 per cent of Britain's gross national product (GNP) at factor cost in 1987, placing Britain ninth out of 17 countries (see Table 1). The percentages had increased in 14 of the countries since 1977, when Britain's figure of 39 per cent had put it in tenth position.

Taxes alone comprised 36 per cent of Britain's GNP in 1987 (see Table 2), placing Britain in fifth position out of the same 17 countries. In common with most of the other countries, Britain had had a lower proportion in 1977 (32 per cent), when it had occupied seventh position.

For 13 countries, estimates for 1987 and preliminary estimates for 1988 are given for taxes and social security contributions as a percentage of gross domestic product at market prices. Britain occupied eighth place with 38 per cent in both years.

Composition of Taxes and Social Security Contributions

The article examines variations between 1977 and 1987 in the relative importance of various taxes by considering their changing share of total taxes and social security contributions.

Of 16 countries, half experienced a fall in direct taxes on households as a percentage of total taxes and social security contributions. In Britain and the Netherlands the decline between 1977 and 1987 was sharpest. In Britain the share fell from 36 per cent in 1977 to 30 per cent in 1982 (reflecting the shift from

[1] Central Statistical Office. HMSO, £10. ISBN 0 11 620406 0.

Table 1

Taxes and Social Security Contributions as a Percentage of GNP at Factor Cost

	1977		1987	
	Percentage	Rank	Percentage	Rank
Sweden	58	1	67	1
Denmark	49	4	65	2
Norway	56	2	56	3
Netherlands	49	3	53	4
France	44	8	51	5
Belgium	46	7	51	6
Austria	47	6	50	7
Federal Republic of Germany	47	5	45	8
Britain	39	10	44	9
Greece	31	14	43	10
Finland	42	9	41	11
Italy	30	16	39	12
Canada	36	11	39	13
Australia	32	12	37	14
Japan	25	17	33	15
Switzerland	31	13	32	16
United States	30	15	32	17

Table 2

Taxes as a Percentage of GNP at Factor Cost

	1977		1987	
	Percentage	Rank	Percentage	Rank
Denmark	49	1	63	1
Sweden	43	2	51	2
Norway	41	3	40	3
Australia	32	8	37	4
Britain	32	7	36	5
Austria	34	5	35	6
Finland	35	4	35	7
Belgium	32	6	34	8
Canada	32	9	34	9
Netherlands	31	10	31	10
Greece	22	15	30	11
France	25	12	29	12
Federal Republic of Germany	30	11	27	13
Italy	18	16	26	14
United States	24	13	24	15
Japan	17	17	23	16
Switzerland	22	14	22	17

direct to indirect taxation in the 1979 Budget – see p 193, 1979) and to 28 per cent in 1987.

Britain and Sweden were the only countries in which the share of direct taxes on corporate income rose sharply; largely because of the growing importance of taxes on profits from North Sea oil, the figure for Britain increased from 7 per cent in 1977 to 10 per cent in 1987.

The share of indirect taxes fell in slightly more than half of the countries. In Britain it increased from 38 per cent in 1977 to 43 per cent in 1982 (reflecting the measures in the 1979 Budget) and was at the same level in 1987.

In most of the countries social security contributions increased as a proportion of taxes on households and social security contributions. In Britain, however, the figure declined slightly from 19 per cent in 1977 to 18 per cent in 1987.

Direct Taxes on Households and Social Security Contributions in Relation to Total Personal Income

In 1977 direct taxes on households and employees' social security contributions accounted for 18 per cent of total personal income in Britain (direct taxes 15 per cent and social security contributions 3 per cent), placing it seventh out of 12 countries (see Table 3). By 1987 the figure had fallen to 17 per cent (direct taxes 13 per cent and social security contributions 4 per cent), and Britain's position was ninth.

Table 3

Direct Taxes on Households and Employees' Social Security Contributions as a Percentage of Total Personal Income

	1977			1987		
	Direct taxes	Social security contributions	Total	Direct taxes	Social security contributions	Total
Sweden	24	1	25	26	1	26
Netherlands	13	9	22	11	12	23
Norway	17	6	23	15	8	23
Belgium	15	4	20	16	6	22
Switzerland	14	7	21	14	7	21
Federal Republic of Germany	13	9	22	12	10	21
Canada	14	2	16	16	2	18
Australia	16	–	16	18	–	18
Britain	15	3	18	13	4	17
United States	12	3	15	12	4	16
France	6	5	12	7	8	15
Japan	6	4	9	8	5	13

Note: Differences between totals and the sums of their component parts are due to rounding.

Overseas Direct Investment by Companies

Net direct investment overseas by British companies rose by 9 per cent between 1987 and 1988. Corresponding investment in Britain by overseas companies grew by 5·7 per cent from a much lower base. There was an excess of outward investment over inward of £11,800 million. Investment to and from the rest of the European Community – and Western Europe generally – rose sharply. Earnings from investment overseas exceeded outgoings attributable to inward investment in Britain, benefiting the current account of the balance of payments by £5,700 million.

Provisional figures (see Table 1) suggest that inward net direct investment increased by 76 per cent between 1988 and 1989, while outward net direct investment[1] fell during the same period by 8 per cent. However, outward investment was still some £3,300 million more than inward investment. Earnings and outgoings both rose.

These findings are from the annual inquiry conducted by the Central Statistical Office, the main results of which were published in *Business Bulletin 28/90, Overseas Direct Investment (1988)* in April. Because of the provisional nature of data for 1989, this article deals with the analysis for 1988. The detailed analysis excludes investment in the mis-

[1]Direct investment overseas consists of long- and short-term funds given by an investor in one country to overseas affiliates (subsidiaries, associates and branches) in the form of share capital, loans, trade credit and retained profits. It is measured net, after deducting loans made by the affiliates to their direct investors. As this article is concerned only with net direct investment, the words 'net direct' are omitted from the text after this point.

Table 1

Net Overseas Direct Investment, Earnings and Outgoings

£ million

	1983	1984	1985	1986	1987	1988	1989[a]
Outward direct investment overseas							
Investment							
Non-oil companies	3,498	3,541	6,787	11,019	15,839	17,296	18,250
Oil companies	1,919[b]	2,212	1,838	778	3,320	3,356	851
Total excluding miscellaneous transactions	*na*	5,813	8,625	11,798	19,160	20,651	19,101
Miscellaneous transactions	*na*	190	−183	−15	−119	107	63
Total	5,417	6,003	8,442	11,783	19,041	20,758	19,164
Earnings							
Non-oil companies	4,009	4,889	5,169	6,658	7,990	11,075	12,999
Oil companies	2,189[b]	2,829	2,462	1,046	2,901	2,971	3,528
Total excluding miscellaneous transactions	*na*	7,718	7,631	7,704	10,891	14,046	16,527
Miscellaneous transactions	*na*	106	101	103	77	73	76
Total	6,198	7,824	7,732	7,807	10,968	14,119	16,603
Inward direct investment in Britain							
Investment							
Non-oil companies	2,063	2,021	1,572	2,898	6,599	6,074	13,507
Oil companies	1,238	−2,267	2,206	1,930	1,619	2,460	1,390
Total excluding miscellaneous transactions	3,301	−246	3,778	4,828	8,218	8,534	14,897
Miscellaneous transactions	85	65	90	150	290	456	951
Total	3,386	−181	3,868	4,978	8,508	8,990	15,848
Outgoings							
Non-oil companies	2,308	2,965	3,505	2,982	4,168	6,480	7,264
Oil companies	2,950	3,306	3,997	2,203	2,650	1,932	3,015
Total excluding miscellaneous transactions	5,258	6,271	7,502	5,184	6,819	8,411	10,279
Miscellaneous transactions	8	8	8	8	29	51	61
Total	5,266	6,278	7,510	5,192	6,848	8,462	10,340
Earnings less outgoings	932	1,546	222	2,615	4,120	5,657	6,263

[a] Provisional.
[b] Including miscellaneous transactions.
na = not available.
Note: Differences between totals and the sums of their component parts are due to rounding.

cellaneous sector (mainly property transactions), for which there is no breakdown available.

Long-term Trends

Continued large flows of outward and inward investment reflect a number of factors. There was a high level of cross-border acquisitions and mergers in 1988 (see pp 148-50, 1989). Both the number and value of overseas acquisitions by British firms have greatly outstripped corresponding overseas company activity in Britain.

Outward investment expressed as a percentage of gross domestic product (GDP) was just over 1 per cent during the 1960s. It grew rapidly to reach about 2·75 per cent in 1973, reflecting, it is thought, corporate activity in anticipation of Britain's membership of the European Community from the beginning of that year. The figure fell during the recession of 1975, resulting from the first round of oil price increases (see p 17, 1974) and grew unevenly to some 3 per cent by 1979. It then fell through the early 1980s, but since 1983 has risen steadily, standing at about 4·5 per cent in 1988. Growth in recent years

Table 2

Net British Direct Investment Overseas Analysed by Area[a]

£ million

	1985	1986	1987	1988
Western Europe	**2,729**	**1,431**	**2,939**	**5,656**
European Community	2,377	2,215	2,184	5,235
Belgium and Luxembourg	32	88	69	34
Denmark	14	−14	−30	50
France	248	323	249	1,752
Federal Republic of Germany	254	253	205	481
Greece	−7	18	7	4
Irish Republic	234	85	174	74
Italy	119	190	222	294
Netherlands	1,199	1,053	931	1,954
Portugal	159	42	89	108
Spain	126	180	269	484
European Free Trade Association	407	−680	605	7
Austria	9	18	66	41
Finland	4	5	10	*na*
Iceland	*na*	*na*	*na*	*na*
Norway	*na*	*na*	*na*	−249
Sweden	102	−1	−11	−25
Switzerland	77	−275	150	234
Other Western Europe	−55	−104	151	413
North America	**3,444**	**8,157**	**13,649**	**10,427**
Canada	215	598	1,057	574
United States	3,230	7,559	12,592	9,854
Other developed countries	**838**	**936**	**628**	**2,504**
Australia	430	690	563	1,821
Japan	48	119	−24	82
New Zealand	162	35	127	502
South Africa	199	91	−39	100
Rest of the world	**1,613**	**1,274**	**1,944**	**2,063**
Africa	113	141	98	79
Middle East	−108	136	−143	−79
Other Asia	272	255	607	580
Caribbean, Central and South America	1,314	760	1,340	1,383
Other	23	−19	42	101
World	**8,625**	**11,798**	**19,160**	**20,651**
Commonwealth	1,203	1,974	2,954	4,402
Developing countries	1,613	1,274	1,944	2,063
Oil-exporting countries[b]	−156	242	−168	34

[a] Excluding miscellaneous transactions.
[b] Algeria, Ecuador, Gabon, Gulf States, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, Trinidad and Tobago, and Venezuela.
na = not available.
Note: Differences between totals and the sums of their component parts are due to rounding.

has reflected the outflows of direct investment capital from Britain in search of better economic returns elsewhere, but was also accounted for by the strong move on the part of British companies towards involvement in corporate activities on a worldwide scale.

Inward investment as a percentage of GDP increased slowly during the 1960s. The figure fluctuated in a range between 0·5 per cent in the mid-1960s to a little more than 2 per cent in the mid-1970s, rising at first as a result of the development of the oil and gas industry in the North Sea and later when investment in Britain from outside the European Community was stimulated by British membership. Subsequently, recessions in 1975 and 1981 sharply reduced the figure to about 1·5 per cent and just over 1 per cent respectively. It rose steadily between 1984 and 1987, when it reached about 2 per cent, a level that was maintained in 1988.

Outward Investment

Outward investment increased by 9 per cent between 1987 and 1988 to reach £20,758 million, compared with the revised figure for 1987 of £19,041

Table 3

Net Earnings from British Direct Investment Overseas Analysed by Area[a]

£ million

	1985	1986	1987	1988
Western Europe	**2,036**	**2,093**	**3,022**	**3,448**
European Community	1,560	1,692	2,526	2,958
Belgium and Luxembourg	89	169	121	258
Denmark	52	57	64	62
France	60	202	252	504
Federal Republic of Germany	309	384	438	589
Greece	7	12	3	16
Irish Republic	159	140	201	183
Italy	90	128	165	178
Netherlands	672	429	1,025	897
Portugal	34	35	80	85
Spain	87	137	177	186
European Free Trade Association	449	368	379	290
Austria	22	56	51	53
Finland	8	10	12	17
Iceland	*na*	*na*	*na*	*na*
Norway	*na*	*na*	*na*	*na*
Sweden	52	9	68	28
Switzerland	167	203	173	207
Other Western Europe	27	33	118	201
North America	**2,148**	**2,507**	**4,012**	**5,606**
Canada	283	377	542	535
United States	1,865	2,129	3,470	5,071
Other developed countries	**1,187**	**982**	**1,331**	**1,883**
Australia	523	491	681	1,135
Japan	158	49	108	88
New Zealand	146	115	139	131
South Africa	360	326	403	529
Rest of the world	**2,261**	**2,123**	**2,526**	**3,109**
Africa	399	351	324	345
Middle East	202	186	233	180
Other Asia	639	775	1,033	1,234
Caribbean, Central and South America	1,021	787	918	1,321
Other	*na*	24	18	30
World	**7,631**	**7,704**	**10,891**	**14,046**
Commonwealth	2,498	2,482	2,911	3,715
Developing countries	2,260	2,123	2,526	3,109
Oil-exporting countries[b]	427	368	373	309

[a] Excluding miscellaneous transactions.
[b] Algeria, Ecuador, Gabon, Gulf States, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, Trinidad and Tobago, and Venezuela.
na = not available.
Note: Differences between totals and the sums of their component parts are due to rounding.

million. The increase in British outward investment between 1987 and 1988 was due almost entirely to non-oil companies. Almost half of the increase recorded for non-oil companies was accounted for by British banks, which, in 1987, had recorded a net disinvestment of £648 million. Net investment by insurance companies fell from £579 million to £320 million between the two years. Just over half of the value of British outward investment in 1988 was due to the acquisition of companies' share and loan capital overseas. This reflected the continuing high level of activity by British companies in acquiring overseas companies.

In terms of area (see Table 2), there was a substantial decrease of 24 per cent in British outward investment in North America between 1987 and 1988 and an increase of nearly 150 per cent in that in the European Community. The two areas accounted for one half and one quarter of all British outward investment respectively. The decrease in activity in North America is partly explained by several deals funded wholly or partly in North America which do not count for inclusion as British outward investment. The increase in investment in the European Community is mainly due to a six-fold increase, to £1,752 million, in investment in France between 1987 and 1988, to reach over 8 per cent of the total, and to a level of investment in the Netherlands which more than doubled, to £1,954 million, during the same period.[1] Investment in other developed countries expanded vigorously in 1988, from £628

[1]A number of British companies have intermediate holding companies in the Netherlands through which investments to other countries are channelled. To the extent that companies report the country of immediate rather than ultimate investment, the figures for the Netherlands are an overstatement.

Table 4

Net Overseas Direct Investment in Britain Analysed by Area*

£ million

	1985	1986	1987	1988
Western Europe	**1,791**	**3,408**	**3,071**	**6,609**
European Community	1,330	2,441	2,954	4,578
Belgium and Luxembourg	82	244	400	300
Denmark	7	60	26	81
France	252	273	896	793
Federal Republic of Germany	54	182	140	176
Greece	*na*	*na*	*na*	*na*
Irish Republic	6	19	60	116
Italy	74	75	36	81
Netherlands	835	1,591	1,395	2,989
Portugal	*na*	*na*	*na*	*na*
Spain	15	1	2	46
European Free Trade Association	459	963	114	2,026
Austria	4	2	1	8
Finland	−7	−17	8	26
Norway	22	46	126	199
Sweden	40	36	206	272
Switzerland	400	896	−227	1,521
Other Western Europe	2	3	3	5
North America	**1,819**	**1,244**	**2,311**	**87**
Canada	128	−17	863	79
United States	1,691	1,261	1,448	9
Other developed countries	**−96**	**138**	**1,966**	**1,811**
Australia	−143	84	917	1,397
Japan	124	43	795	490
New Zealand	*na*	20	*na*	−46
South Africa	*na*	−9	*na*	−31
Rest of the world	**265**	**39**	**869**	**27**
Asia	159	33	533	−96
Caribbean, Central and South America	94	25	344	127
Other	12	−19	−8	−4
World	**3,778**	**4,828**	**8,218**	**8,534**

* Excluding miscellaneous.
na = not available.
Note: Differences between totals and the sums of their component parts are due to rounding.

million to £2,504 million. Australia alone attracted some £1,260 million more than in 1987. Investment levels in the rest of the world remained broadly stable.

Earnings from Outward Investment

Net earnings from outward investment (excluding miscellaneous transactions) increased by 29 per cent between 1987 and 1988 (see Table 3). Most of the increase in earnings was accounted for by non-oil companies. Earnings by British banks recovered strongly from a net loss of £64 million in 1987 to a net profit of £342 million in 1988. A fall in the price of oil resulted in only a small increase in earnings by oil companies. The overall increase in earnings between 1987 and 1988 reflected increased net profits from overseas subsidiaries, associates and branches and a very sharp increase in net interest receipts from overseas affiliates due in part to a reduction in the level of interest payments made by British banks to their overseas affiliates.

By area, 36 per cent of earnings from outward investment came from the United States in 1988, increasing by nearly one half compared with 1987, to £5,071 million. Investment earnings from the European Community rose by 17 per cent between 1987 and 1988, to £2,958 million, accounting for just over one-fifth of total net earnings, a similar proportion to the previous year. Earnings from Belgium/Luxembourg and France both doubled between the two years. Earnings from British investments in Australia nearly doubled, while those from developing countries rose by 23 per cent. Investment earnings

Table 5

Net Outgoings from Direct Investment in Britain Analysed by Area*

£ million

	1985	1986	1987	1988
Western Europe	**2,023**	**1,412**	**1,798**	**2,197**
European Community	1,750	1,189	1,536	1,838
Belgium and Luxembourg	71	89	39	128
Denmark	29	38	37	65
France	342	219	214	266
Federal Republic of Germany	129	−43	150	166
Greece	*na*	*na*	*na*	*na*
Irish Republic	49	82	79	165
Italy	103	31	22	52
Netherlands	1,019	783	982	973
Portugal	*na*	*na*	*na*	*na*
Spain	6	−6	17	25
European Free Trade Association	270	217	258	353
Austria	2	−5	−4	1
Finland	6	1	−7	−14
Norway	−35	−33	−25	49
Sweden	46	31	80	109
Switzerland	250	223	213	208
Other Western Europe	5	*na*	4	5
North America	**4,855**	**3,113**	**4,308**	**4,787**
Canada	255	279	42	211
United States	4,601	2,834	4,266	4,576
Other developed countries	**412**	**562**	**432**	**1,022**
Australia	51	123	109	585
Japan	337	407	280	385
New Zealand	3	4	9	18
South Africa	21	28	34	35
Rest of the world	**212**	**97**	**281**	**405**
Asia	68	20	160	113
Caribbean, Central and South America	128	61	127	267
Other	16	16	−6	25
World	**7,502**	**5,184**	**6,819**	**8,411**

* Excluding miscellaneous.
na = not available.
Note: Differences between totals and the sums of their component parts are due to rounding.

from Hong Kong totalled £633 million in 1988, representing one-fifth of the total from developing countries. Almost half of the rest of the increase was accounted for by the Cayman Islands and the Netherlands Antilles, which are noted offshore investment centres and hosts to holding companies for investments held elsewhere.

Inward Investment

Inward investment increased by 5·7 per cent between 1987 and 1988 (see Table 1). Net acquisition of share and loan capital, representing direct acquisition and merger activity, was roughly stable at £3,038 million, while net inflows on inter-company accounts more than doubled, to £2,918 million, between 1987 and 1988, reflecting, in part, indirect acquisition and merger activity.

Inward investment from Western Europe more than doubled between 1987 and 1988 (see Table 4), while that from the European Community increased by 55 per cent. The very large transaction involving the acquisition of Rowntree by the Swiss firm Nestlé was a significant factor in the rise recorded for Switzerland. Increased inward investment from the Netherlands in 1988 was related to a reclassification of the transactions of Royal Dutch/Shell, when the United States subsidiary of the Netherlands arm of the company was reconstituted as a new group holding company. Investments from both the United States and Canada fell very sharply in 1988, while investments from other developed countries remained at roughly their 1987 levels.

Outgoings from Inward Investment

Net outgoings from inward investment increased by 23 per cent between 1987 and 1988 (see Table 5), to £8,411 million (excluding miscellaneous transactions). However, those of oil companies fell during the same period by 27 per cent. This reflected the combined impacts of a fall in the sterling price of crude oil and the loss of production in the North Sea following the explosion on the Piper Alpha platform (see p 320, 1988) and other problems in the North Sea oil industry. Net earnings of foreign banks in Britain recovered from the low level of 1987, which had been reduced by provision made for developing countries' debts.

United States companies, with a long record of investment in Britain, accounting for 46 per cent of the book value of inward investment at the end of 1987, were the major beneficiaries of outgoings from inward investment in 1988: companies there received £4,576 million, representing 54 per cent of the total. Companies based in the European Community received outgoings greater by one-fifth than those in 1987; those going to other Western European countries increased by 37 per cent over the period. Outgoings to other developed countries were nearly two and one half times their 1987 level in 1988, with those to Australia and Japan making up most of the total. Because of the lag between investment and the resulting flow of interest, profits and dividends, those countries whose investments were made only recently do not feature strongly in accounts of outgoings. This is notably true of Japan.

Industrial Relations

The Annual Report for 1989 of the Advisory, Conciliation and Arbitration Service (ACAS) has shown that the services of ACAS were in considerable demand in 1989. The report also includes a review of industrial relations developments in the 1980s, when legislative change had a major impact in this area. Other information about trade unions in 1989 has also been published recently.

ACAS ANNUAL REPORT

The report of ACAS for 1989, published in April,[1] says that the 1990s are beginning with signs of a better understanding of employment relationships, and the need to improve them, by management and trade unions.

Industrial Relations in the 1980s

The report notes that there has been a major restructuring of the economy during the 1980s, a period during which the economy swung from deep recession to strong growth. Patterns of employment have changed: there were substantial job losses in manufacturing, but 2 million more were employed in the service sector at the end of the decade than at its beginning. The boundaries of the public sector were reduced, while the private sector expanded. Over 1 million full-time jobs disappeared between 1981 and 1987; at the same time over 1·5 million part-time jobs were created. Trade union membership has fallen, and established arrangements for collective bargaining have been modified and in some cases ended. The 1980s were the first post-war decade in which pay determination was unaffected by formal government pay policies. The absence of the rigidities they had imposed allowed much innovation in developing pay systems, and in many areas a widening of differentials occurred. At the beginning of the new decade, the report says, inflation has fuelled pay expectations while unit labour costs have become less competitive. Redundancies have begun to increase while employers continue to compete through wages and salaries in recruiting and retaining employees, increasing the cost of labour.

Changing Industrial Relations Practices

Personnel policies have taken new directions, with greater emphasis being placed on individual employees and their rewards and flexibility in work patterns, says the report. Many employers – although, ACAS notes, not enough in its view – have made progress in involving their employees in the management of change. The report concludes that in some organisations it 'seems likely that the depth of understanding ... which is claimed to result from improved communications and the involvement of employees will come under greater strain. We have, however, no doubt that managements are now more innovative and that trade unions and their members are more ready to contemplate and accept necessary change.'

[1] *Advisory, Conciliation and Arbitration Service Annual Report 1989.* Available free from ACAS, 27 Wilton Street, London SW1X 7AZ. ISBN 0 906073 42 1.

New-style sole bargaining arrangements attracted a good deal of attention in the 1980s. Although collective bargaining still remains the prime determinant of terms and conditions for the majority of people at work, managements increasingly decided that if union recognition was to be given, one – and only one – union should be given sole bargaining rights for the whole of the relevant workforce. The inter-union conflict that occurred earlier in the 1980s over these sole bargaining agreements appeared much reduced in 1989. This followed agreement on a voluntary code of practice by the Trades Union Congress and the introduction of new inter-union disputes machinery.

During the 1980s there was a substantial programme of reform to the law affecting industrial relations. There were four major Acts in the 1980s – the Employment Acts 1980 and 1982 (see pp 21-3 and 77-9, 1980, and pp 78-80, 1982), the Trade Union Act 1984 (see pp 312-13, 1984) and the Employment Act 1988 (see pp 377-8, 1987).[1] The influence of regulatory machinery for determining terms and conditions of employment was also reduced significantly. After a number of major disputes in the early and mid-1980s, unions have become increasingly concerned to steer a careful course through the complex legal provisions which now bear on their actions. ACAS concludes that 'while many unions . . . had long undertaken secret ballots of members before considering industrial action, in our experience the practice is now universal. In many instances, ballots have helped to strengthen the negotiating position of trade unions when large majorities of their memberships have shown support for industrial action.'

The report states that, as the decade ended, there was a substantial body of opinion ready to claim that significant advances had been made in the improvement of industrial relations to the benefit of employers and employees alike. ACAS comments: 'We would not disagree, but the lasting strengths of new developments in the management of people and of new arrangements to secure employees' commitment and involvement – which have not been as widespread as we believe to be necessary – are likely to be put to harder test as the 1990s begin with continuing and perhaps growing pressure for change.'

During the 1980s there was a rise in the number of industrial tribunal jurisdictions requiring ACAS to offer individual conciliation, from 16 in 1980 to 22 at the end of 1989. Among new jurisdictions were new rights for union members who felt that they had been unreasonably disciplined by their trade union.

ACAS Activities in 1989

The report also covers the activities of ACAS in 1989. It reveals that ACAS had a busier year than for some time past, with its collective conciliation, arbitration and mediation services in considerable demand.

During 1989 ACAS received 1,164 requests for collective conciliation; it completed action in 1,070 cases. ACAS also maintained private and informal contact in another 423 disputes without becoming involved in conciliation. No industrial action took place in over four-fifths of the cases completed in 1989, while settlement, or progress towards a settlement, was achieved in 85 per cent of all cases. As in previous years, the main source of disputes to reach ACAS was disagreement over pay and terms and conditions of employment. These accounted for nearly 55 per cent of completed conciliation cases. Trade union recognition, and dismissal and discipline made up about another 13 per cent each of completed cases.

The report notes that the acceptability of ACAS conciliation grew throughout the 1980s, and increasingly ACAS is written into agreed procedures as the final stage for the settlement of disputes. Whereas in 1980 a little under one-third of all requests for conciliation were made jointly by unions and management, by 1989 conciliation was jointly sought in 54 per cent of all completed cases.

There was a renewed awareness in 1989 of the potential benefits of arbitration and mediation; this type of assistance made a significant contribution to the settlement of several complex and long-running disputes in the public sector. For the first time in some years, there was an increase in the number of requests for arbitration and mediation referred to ACAS – 167, an increase of 21 per cent compared with 1988. In 1989 there was also debate about 'pendulum arbitration', where in the event of a final failure to agree, management and unions are committed to accept the decision of a third party who resolves the difference by choosing one or other of two competing propositions advanced by the parties. However, ACAS concluded that there were 'few new procedural agreements in 1989 which provided solely for pendulum arbitration and indeed more generally there remains a deeply entrenched reluctance to accept arbitration on major issues concerning pay and conditions, except as a last resort'.

Individual Conciliation

In 1989 the total number of cases received for individual conciliation increased by 10 per cent, to 48,817, the report states. Complaints of unfair dismissal, at 37,324, continued to form the major caseload, but owing to increases in other areas this proportion fell from 82 per cent in 1988 to 76 per cent in 1989. As in 1988, the large rise in complaints under the Wages Act 1986 made the most significant contribution to the overall increase in the individual conciliation workload, and represented 11 per cent of the total. The 5,467 cases received in 1989 represented a 59 per cent increase over the previous year.

There were increases in caseload in all the discrimination jurisdictions. These rose by 33 per cent, to 3,286, in 1989. ACAS individual conciliation activity in 1989 saw the highest number of annual cases to date under sex and race discrimination law. In particular, a record number of cases (1,249) were received under the Sex Discrimination Act 1975, more than twice the number recorded in 1985. The report suggests that factors behind the rise in caseload may be the provision, dating from 1987, that an employer may not differentiate between men and women in comparable positions as to the age at which they retire, and developments in tribunal decisions, notably in the field of dismissal for pregnancy, which have been widely publicised. The increase, the report concludes, perhaps also reflected a growing awareness of the extent to

[1]For information on the main provisions see COI reference paper *Industrial Relations in Britain*, No 187/89.

Trade Union Membership 1978-88

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Number of unions at end of year	462	453	438	414	408	394	375	370	335	330	314
Total membership at end of year (thousands)	13,112	13,289	12,947	12,106	11,593	11,236	10,994	10,821	10,539	10,475	10,238
Percentage change in membership since previous year	+2·1	+1·3	−2·6	−6·5	−4·2	−3·1	−2·2	−1·6	−2·6	−0·6	−2·3

which discriminatory employment practices remain in operation and the publicity given to higher awards to successful applicants.

There was increasing concern in 1989 about the nature of proceedings in some industrial tribunal jurisdictions and at the expense often incurred by parties. In part, this derived from an increase in the use of legal representation, although it also related to the 'equal pay for work of equal value' cases. There has been growing discussion about the long and complex procedures involved when differences in these areas cannot be resolved in conciliation.

Advisory Services

Throughout the 1980s, notes the report, there was a rising demand for ACAS advisory services, with 1989 seeing the highest number of in-depth advisory exercises completed in any one year. Including the activity of the Work Research Unit, 1,165 in-depth exercises were undertaken in 1989, compared with 1,002 in 1988 and 457 in 1979. Many of these exercises utilised joint working parties, an approach little used ten years ago. Encouraging the growth and assisting the development of employee involvement has been a specific advisory objective in recent years: recommendations along these lines were made and accepted in 40 per cent of all surveys and joint working party exercises in 1989. During the 1980s the subjects on which advice and assistance were sought broadly reflected economic and industrial development. More recently the trend has been towards problems associated with economic growth, such as labour turnover. There has also been an increase in demand for advice on payment systems and related matters, reflecting the growing interest in pay systems designed to improve performance.

All the activities of the Work Research Unit showed increases in 1989 over 1988. Over 5,000 enquiries were handled in 1989, compared with 4,400 in 1988.

TRADE UNIONS

Membership of trade unions in Britain fell in 1988 for the ninth consecutive year, according to an article in the May 1990 edition of *Employment Gazette*.[1] At the end of 1988 membership of trade unions totalled 10·2 million in Britain, compared with a peak number of 13·3 million in 1979. This represents a 2·3 per cent fall on the 1987 level (see table). The number of trade unions has also fallen; there were 314 trade unions at the end of 1988, compared with a peak of 1,384 recorded in 1920. This reflects a continuing process of mergers and transfers of membership. Despite the net decrease in numbers, new unions have still been formed in most years, including ten during 1988. Many trade unions are quite small: around half of the 1988 total had fewer than 1,000 members. At the other end of the scale there were 23 unions each with 100,000 or more members, which together accounted for over 81 per cent of the total membership of all unions. The ten largest unions, with a combined membership of 6·2 million, comprised 61 per cent of total union membership.

Further information, including statistics for each of the main unions, is contained in the 1989 annual report of the Certification Officer (published on 19 April),[1] who is responsible for supervising various statutory requirements under trade union law. It also shows that there was a considerable increase in the number of claims from trade unions made under the statutory scheme for refunding certain costs of secret postal ballots. In 1989, 67 unions applied for refunds in respect of 483 ballots, compared with 39 unions claiming for 395 ballots in 1988. Total payments were over £1·3 million. Three complaints were received and investigated concerning trade union elections.

[1]Available from HMSO, £3·80. ISBN 0 11 728743 1.

Food Safety

A settlement has been reached by the European Community following the decision of France, the Federal Republic of Germany and Italy to ban imports of British beef. The Government has stated that Community rules on bovine spongiform encephalopathy fully protect public and animal health.

Announcements in the first week of June by the Governments of France, the Federal Republic of Germany and Italy that they would ban imports of British beef in view of the concern caused by bovine spongiform encephalopathy (BSE; see pp 119 and 276, 1989) were challenged by the Government as illegal and as having grave consequences for Community institutions. A meeting of the Council of Agriculture Ministers in Brussels on 6 and 7 June, to discuss interference in trade within the Community in beef and cattle, heard advice from the Community's independent scientific veterinary committee, which repeated its earlier judgment that existing Community rules on BSE fully protected public and animal health.

[1]*Annual Report of the Certification Officer for Trade Unions and Employers' Associations.* Available free from 27 Wilton Street, London SW1X 7AZ.

Minister's Statement

In a statement in the House of Commons on 7 June (*Hansard,* Vol 173, No 117, cols 899-915), the Minister of Agriculture, Fisheries and Food, Mr John Gummer, outlined the main features of the settlement:

1 All member states would lift import restrictions at once.

2 British beef, including calves, carcasses and boneless meat, would be accepted throughout the Community.

3 Countries outside the Community would immediately remove restrictions on beef imports.

4 The Commission would take up the case for extending the British ban on the feeding of ruminant protein to ruminants (see below) to other member states. [The Netherlands and Denmark have implemented a similar ban, and France has indicated that it is likely to follow suit.]

5 A research programme would explore the likelihood of BSE occurring in Community countries other than Britain and the Irish Republic.

6 The Commission would extend the coverage of beef intervention [whereby produce which is not immediately for sale is bought by the Community and held in storage] to Britain.

7 Export arrangements for British beef would remain in place. Britain would reinforce its control systems, particularly in the marking of calves.

To reassure overseas consumers, Mr Gummer said, Britain had agreed not to export carcasses with the bones still in them from holdings which had reported BSE cases in the past two years. There was no limitation on the export of boneless British beef, 'precisely because Britain is covered by better regulation and the British housewife is better protected than any other in the Community'.

BSE: Government Measures

A brain disease of cattle, BSE was first identified in 1986 and is similar to scrapie in sheep, a disease known in Britain for 250 years (and caused by an agent not found in meat), which has not affected humans. Its likely source was the feeding of ruminant protein to other ruminants, a practice banned in Britain in July 1988. Because of the long incubation period, however, it will be some years before it is eradicated. It became a notifiable disease throughout the European Community from 1 April 1990. The Government has kept other countries fully informed about the development of BSE in Britain. (Some 14,000 cases, out of a total cattle and calf population of 10·6 million in Great Britain, have so far been confirmed.) Leading British scientists consider that government steps to prevent infected tissue entering the food chain are more than enough to avoid risk to humans. In statements in the House of Commons on 15, 17 and 21 May (*Hansard,* Vol 172, No 107, written answers, cols 393-4; Vol 172, No 108, cols 1009-14; and Vol 173, No 110, cols 82-90), Mr Gummer summarised the measures so far taken by the Government to tackle the problem:

1 Affected cattle are slaughtered and destroyed so that no part can enter the food chain.

2 Specified offals (including the brain and spinal cord) are removed from healthy cattle slaughtered for human consumption.

3 The use of these offals as food or in food products is banned.

The Government, he said, had taken advice from the leading scientific and medical experts, while a permanent committee, set up by the Government and chaired by Dr D. A Tyrrell, examined new information and concerns to ensure that the Government was kept up to date. [The committee says that there is no scientific evidence currently available to support official advice against the use for breeding of the offspring of cows suffering from BSE.] More than £2 million, out of a major research programme, in progress since 1986, had been spent. A further £12 million had been allocated to projects, devised on advice from the Tyrrell committee, for the next three years.

In a statement in the House of Lords on 5 June (*Hansard [HL],* Vol 519, No 94, cols 1214-18) the Minister of State for Agriculture, Fisheries and Food, Baroness Trumpington, said that in view of the importance of beef exports to Britain and to the Irish Republic, the Community had opened intervention for unlimited quantities of beef under a system known as the safety net.

Shorter Notes

ECONOMIC STATISTICS

The Government is to take further steps to improve the quality of economic statistics (see pp 201-2, 1989). Speaking on 17 May, the Chancellor of the Exchequer, Mr John Major, said that the statistics currently available did not provide the best information at the earliest possible time about the level and nature of economic activity. First estimates of key indicators had too often been radically different from final revised figures, and many of the accounts did not add up. There was, for example, a large balancing item (covering errors and omissions) in the balance-of-payments statistics for 1989 of over £15,000 million. Information on service industries was uneven although they now accounted for over half of national output. The House of Commons Treasury and Civil Service Committee had emphasised the costs to economic policy of unreliable statistics, and representatives of business had been pressing for improvements.

Accordingly, the Chancellor announced in the House of Commons on the same day a set of measures 'that should considerably improve our ability to monitor and forecast developments in the economy'. The Central Statistical Office (CSO) would take measures to improve the quality of statistics in three areas – services, companies and the balance of payments. Mr Major was aiming for the changes to be introduced as quickly as possible so that some results would begin to appear in the figures by the end of 1990. This development had been

made possible by the reorganisation of the CSO in 1989.

With regard to statistics on services, Mr Major proposed extensions to the quarterly inquiries of turnover and that more information on external trade in services be collected on a quarterly basis. On company statistics, he proposed more quarterly information on capital expenditure, stockbuilding and profits. With regard to balance-of-payments and other financial statistics, he proposed that the quarterly direct investment inquiry be expanded and that more information be collected on companies' financial transactions with domestic and overseas residents. Because of the severe problems with balance-of-payments statistics, the Chancellor had asked the CSO to undertake a thorough review over the next 12 months of the way in which these statistics were collected and compiled.

Mr Major had also asked the CSO, in consultation with the appropriate bodies, to consider the case for wider use of statutory surveys. This should improve the quality of statistics by increasing response rates and should also ensure that the burden on businesses was shared more fairly than at present. The Chancellor agreed that there would be compliance costs; however, the Government would ensure that the proposals did not lead to unnecessary or excessive burdens.

Sources: HM Treasury news release, 17.5.90; *Hansard,* Vol 172, No 109, written answers, cols 484-5.

INWARD INVESTMENT

The Invest in Britain Bureau of the Department of Trade and Industry – which undertakes publicity abroad and responds to enquiries from potential investors in collaboration with other British agencies – published its annual report on 4 June. The report announced the creation of 29,300 jobs and the safeguarding of 24,600 existing jobs in Britain during 1989 as a result of 283 investment decisions by foreign firms. The total of nearly 54,000 jobs – an increase of 21 per cent compared with the figure for 1988 – is the highest ever recorded for one year by the Invest in Britain Bureau.

The report notes that Britain's share of United States investment in the European Community rose from 38 per cent in 1988 to 41 per cent by the end of 1989. United States companies accounted for 93 investment decisions in Britain during 1989. Firms from the Federal Republic of Germany, with 52 investment decisions, again represented the largest source of European investment. By the end of 1989, 132 of the 501 Japanese associate or subsidiary companies manufacturing in the European Community were based in Britain, representing increases of 43 per cent and 28 per cent respectively compared with 1988.

In his introduction to the report, the Minister for Industry, Mr Douglas Hogg, said that during the 1980s more than 2,000 inward investment projects had created or safeguarded more than 300,000 jobs, a record which proved that Britain was an attractive location for overseas investors.

Source: *Invest in Britain Bureau Annual Report 1989-1990.* Department of Trade and Industry. Available free from the Invest in Britain Bureau, Kingsgate House, 66-74 Victoria Street, London SW1E 6SW.

EUREKA

The eighth Eureka Ministerial Conference in Rome on 1 June approved 91 new projects, bringing the total number to 388. Six of the new projects are British-led, among 13 with British participation. Announcing this, the Minister for Industry, Mr Douglas Hogg, said that Eureka's flexible, industry-led approach was very much in line with the Government's wish to see industry taking the lead in increasing its research effort. By encouraging collaboration between British and other European high-technology companies, Eureka was playing an important role in helping to prepare British firms for the single European market in 1992 (see p 113) and in improving their long-term competitiveness.

The new projects with British participation involve 20 British organisations, including four small to medium-sized enterprises and two universities. They cover a wide range of technological areas, from plastic sewage pipes to telephones for use in aircraft. Total costs are some £115 million. Three of the projects are part of the environmental 'umbrella' project, Euroenviron (see pp 79-80). These are for research into environmentally responsible disposal technology for non-metallic residues from car shredding, with heat recovery and power generation; for research into the recovery and re-use of plastic materials derived from car production and scrapping; and for research into a dry-cleaning machine with very low solvent emission.

On 31 May the Department of Trade and Industry announced support of up to £1·25 million over a four-year period to assist with the launching of a national laser technology transfer programme in addition to the support already being provided for technology transfer as part of the Eureka Eurolaser programme (see p 213, 1988). Through a series of regional seminars, workshops and other activities, it is hoped to make senior management aware of the commercial benefits of using lasers for materials processing.

Sources: Department of Trade and Industry news releases, 1.6.90 and 31.5.90.

Climate Change

Confirmation of global warming has been given in a report by a working party of the Intergovernmental Panel on Climate Change. A new research centre, the Hadley Centre for Climate Prediction and Change, has been inaugurated by the Prime Minister, Mrs Margaret Thatcher. In her speech opening the Centre, Mrs Thatcher indicated that Britain would be ready to give a commitment to reduce by up to 30 per cent its projected levels of carbon dioxide emissions by 2005, provided that other countries were also willing to play a full part.

Background

The Intergovernmental Panel on Climate Change (IPCC) was set up in 1988, jointly sponsored by the United Nations Environmental Programme (UNEP) and the World Meteorological Organisation (WMO). Some 80 nations are co-operating in the largest assessment of climate change ever undertaken. It will report to the Second World Climate Conference, to be held in Geneva in October and November 1990. After this conference full negotiations will begin on a climate change convention; UNEP and WMO have already begun preparatory talks. Britain has proposed that the best way of dealing with the problem of global climate change internationally is through a framework convention, similar to the 1985 Vienna Convention on the Protection of the Ozone Layer, with provision for adding specific protocols like the Montreal Protocol, which laid down limits for the production and use of chlorofluorocarbons (CFCs).

The IPCC consists of three working groups, the first of which, under British leadership, is charged with a scientific assessment of climate change. The second group is examining the economic and social impact and the third is looking at policy responses. The first group published its report on 25 May.

The IPCC Report

The report concludes that the natural greenhouse effect keeps the earth warmer than it would otherwise be, and that human activities are substantially increasing atmospheric concentrations of the greenhouse gases carbon dioxide, methane, CFCs and nitrous oxide. These increases will enhance the greenhouse effect, resulting in an additional warming of the earth's surface. In response to this, the main greenhouse gas, water vapour, will also increase, further boosting the greenhouse effect.

The report calculates that some gases are more effective than others at changing the climate, and that carbon dioxide has been responsible for over half of the enhanced greenhouse effect. Atmospheric concentrations of the long-lived gases (carbon dioxide, CFCs and nitrous oxide) adjust only slowly to changes in emissions, and continued emissions at present rates will therefore result in increased concentrations for decades or centuries. To stabilise concentrations at present levels, the report says, it will be necessary to make immediate cuts of over 60 per cent in emissions of the long-lived gases, and of 15 to 20 per cent in methane emissions.

Using computer models, the report presents predictions for climate change. Assuming no change in greenhouse gas emissions, it predicts that during the next century global mean temperature will increase at a rate of about 0·3°C a decade, a greater rate than at any time over the past 10,000 years. This will result in a rise in mean temperature of about 3°C by the end of the next century. If there are increasing levels of controls on emissions, less pronounced increases in temperature will take place. There will be regional variations, although these cannot be predicted with the same degree of confidence. Under the first assumption, there will be a rise in sea levels of about 6 cm a decade as a result of thermal expansion of the oceans and some melting of ice, again with regional variations.

The report considers that there has been warming in the past, with mean surface air temperatures increasing by 0·3 to 0·6°C over the last hundred years, during which time the global sea level has risen by some 10 to 20 cm. This warming is broadly consistent with predictions of climate models, but it is also of the same magnitude as natural climate variability. Unequivocal detection of the enhanced greenhouse effect from observations is not likely, the report concludes, for another decade or more.

In order to improve the ability of science to predict these changes, the report says that it is necessary to understand better various climate-related processes, particularly those associated with clouds, oceans and the carbon cycle; to improve systematic observation of climate-related variables on a global basis; to develop improved models of the earth's climate system; to increase support for national and international research activities; and to facilitate international exchange of climate data.

The Hadley Centre

The establishment of the Hadley Centre for Climate Prediction and Research at Bracknell, Berkshire, was announced by Mrs Thatcher in a speech to the United Nations on 8 November 1989 (see pp 427-9, 1989). It is named after George Hadley, the eighteenth-century meteorologist who explained the phenomenon of trade winds. The Centre will build on the climate change research that the Meteorological Office has been doing for some 30 years. This research has been given a major boost by funding from the Department of the Environment amounting to some £18 million over three years, which will provide the computing power needed to develop the next generation of climate prediction models.

The Centre's purpose is to provide a focus for climate prediction research in Britain by bringing together the teams of scientists within the Meteorological Office who are engaged on climate research; by liaising with other British institutions, such as the Natural Environment Research Council, especially in areas such as oceanography, ecosystems and cloud studies; and by offering a number of visiting research posts, thus facilitating the exchange of information and ideas. The intention over the next three years is to predict global climate change to 2100; to provide the overall foundation for improved predictions of regional climate change; and to provide a focus for national research programmes relevant to the prediction of climate change.

The Prime Minister's Speech

Opening the Centre on 25 May, Mrs Thatcher said that many people had been concerned for some time about the accumulating evidence of damage to the global environment.The publication of the IPCC report provided an agreed assessment from some 300 leading scientists of what was happening to the world's climate. It confirmed that greenhouse gases were increasing substantially as a result of human activities and that there would be serious consequences. It was 'of historic significance. It is not something arcane or remote from everyday concerns: what it predicts will affect our daily lives.'

Effects of Global Warming

There had been, Mrs Thatcher continued, major variations in the world's climate and environment in the past; for example, it had been possible in Roman times to grow vines as far north as Edinburgh. However, the changes now being discussed would happen faster than any in the past. The effects of these could include a great migration of animal and plant life, changes in the sea level and great migrations of people away from those parts affected by flooding or drought. She pointed to the dramatic effect that a rise in the sea level could have: 'at a Commonwealth Heads of Government meeting a year or two ago ... the President of the Maldives reminded us that none of his country was more than 6 feet [2 metres] above sea level and the consequences of a significant overall rise in sea level could be one less member of the Commonwealth.'

The Prime Minister said that there would be a better understanding of these matters in the future, when new satellite measurements, better computers and the results of work on ocean circulation were all available. However, it was possible to draw some conclusions from the work already done. First, although climate change in the past had mainly been the result of natural factors, this could no longer be assumed. Secondly, the problem could only be tackled by a large international effort in which all countries co-operated: 'more than ever we are one world'. Thirdly, there would be a great risk with future generations if, having received this early warning, mankind did nothing about it. Mrs Thatcher pointed to the effects that population growth could have on the problem: greater intensity of agriculture, more destruction of forests and woodlands, and greater use of fossil fuels. It was predicted that by the middle of the next century there would be 10,000 million people. Putting the problems right would be all the harder until the rate of population growth could be curbed.

International Measures

Mrs Thatcher mentioned some of the steps that were already being taken. Britain had been one of the first to call for an international convention on climate. It was giving generous help to forestry in developing countries and had undertaken to phase out CFCs and other ozone-depleting substances by the end of the century.[1] Action would also be necessary on carbon dioxide emissions, which would require significant adjustments to the economy, including more efficient power stations, cars that used less fuel, better-insulated houses and better management of energy in general. She stressed that 'any target would have to be part of a wide international effort with a fair distribution of the burden. There would be no point in improving our performance if others go on just as before.' Provided other countries took their full share, however, Britain was ready to commit itself to a target of a reduction of up to 30 per cent in carbon dioxide emissions by 2005, which would mean returning emissions to the 1990 levels. This commitment would be spelled out in the forthcoming White Paper on the environment, to be published in late 1990.

In showing how British industry could reduce harmful emissions, the Prime Minister cited the example of a new process developed by the chemical industry for making ammonia which reduces nitrogen oxide emissions by 87 per cent, sulphur dioxide by 95 per cent and carbon dioxide by 60 per cent. If adopted worldwide, the saving in terms of pollution would be equivalent to taking 5 million cars off the road.

Conclusions

Concluding, Mrs Thatcher said that on the basis of the work that the Centre would do, it would be possible to establish a realistic international programme of action and an equally realistic timetable. 'Even the most urgent measures now cannot fully repair the damage of the past. But action now will prevent the problem from becoming acute and give us time to improve our predictions and enlarge our understanding. [The IPCC report] will present us with a very full agenda for the next 15 years ... and we should start on that without delay.'

[1]For further information on the ozone problem see COI reference paper *Saving the Ozone Layer: the London Conference*, No 321/89.

Shorter Note

BERGEN CONFERENCE

Britain's key role in reaching the final agreement in the ministerial declaration at the 34-nation Bergen conference on sustainable development was outlined by its representative Mr David Trippier, Minister of State for the Environment. The conference, held from 14 to 16 May, was organised by the Norwegian Government in co-operation with the United Nations Economic Commission for Europe (ECE). It was a follow-up to the report of the World Commission on Environment and Development, known as the Brundtland Report (see pp 155-6, 1987, and pp 305-9, 1988). The conference process included representatives from industry, science, trade unions and voluntary environmental groups. Among its themes were the economics of sustainability; sustainable energy use; sustainable industrial activities; and promoting public awareness and participation.

Speaking in Bergen after the close of the conference, Mr Trippier said that the ministerial declaration covered a number of areas. He pointed to some that he considered most important. First, he said, the conference had broken new ground for all member countries in working together with a wide range of organisations to tackle environmental problems. The contributions of British non-governmental organisations had been essential to the success of the conference.

Secondly, the ministers had given a strong endorsement to the 'precautionary principle': where there was a risk of serious environmental damage, action should be taken to prevent it, even where full scientific understanding of the problem was not yet available. Mr Trippier stressed that 'this recognition of the need to prevent environmental damage, and not just clear up afterwards, will ... be a landmark in providing a new basis for our individual and collective approach to environmental protection.'

Thirdly, he said, the conference had agreed to the principle that developing countries would need substantial help to enable them to play their part in protecting the global environment. Their participation in international action to tackle environmental problems should not demand that they sacrifice their right to economic development.

Fourthly, Mr Trippier continued, the conference had unanimously reinforced participants' commitment both to the Intergovernmental Panel on Climate Change (IPCC; see pp 222-3) and to the need for a climate change convention. A commitment to establish national strategies for the limitation or reduction of carbon dioxide emissions had also been agreed, along with examples of measures which could be taken to achieve that aim. Britain, he said, would be looking at the work of the IPCC in the expectation that it would provide the basis for considering British strategy.

The ministerial declaration recognised that evolving political and economic processes in Europe would provide new opportunities for ECE countries to co-operate more actively in implementing the provisions of the 1989 Vienna meeting of the Conference on Security and Co-operation in Europe (see pp 43-9, 1989) and the ECE Regional Strategy for Environmental Protection and Rational Use of Natural Resources.

The Bergen conference agreed various objectives, including more extensive use of economic instruments such as taxes on environmentally damaging activities and products; programmes to increase the flow of environmentally sound technology to developing and Eastern European countries; attention to the relationship between population pressures and sustainable development; the initiation of an ECE-wide campaign 'Energy Efficiency 2000'; the introduction of an energy labelling system; the encouragement of the safe and appropriate use and disposal of hazardous substances based on a full risk assessment; the earliest possible ratification of the Basel convention on the transboundary movement of hazardous wastes (see p 240, 1989); the promotion of environmental education; and the stimulation of international exchanges of environmental information.

Summing up the conference, Mr Trippier said that, with its major emphasis on partnership, it had been a novel and exciting occasion: 'We have urged the international community that the non-governmental organisations, who have participated so constructively at Bergen, should have a full involvement in the preparations for the 1992 UN Conference on the Environment and Development.'

Sources: Bergen ministerial declaration 16.5.90; Department of the Environment news release, 16.5.90.

Government and Administration

Report of the Charity Commissioners for England and Wales for the Year 1989. The report states that in 1989 a total of 4,119 new charities were registered, raising the number of registered charities in England and Wales to a record 168,170. Three key areas for new charities were the protection of the environment, the relief of the social problems of people affected by illness, and the relief of the problems of people who have suffered deprivation. HMSO, £8·10. ISBN 0 10 234390 X.

United Kingdom Government Ministers. COI, No 61/90/1.

Civil Service Commission Annual Report 1989. Available free from the Civil Service Commission, Alençon Link, Basingstoke, Hampshire RG21 1JB.

Fire Statistics United Kingdom 1988. Available from the Home Office Statistical Department, Room 1834, Lunar House, Wellesley Road, Croydon CR0 9YD. £5·60. ISBN 0 86 252502 0.

Crime Prevention in Britain. COI, No 348/90.

External Affairs and Defence

European Community Environmental Policy. Second Report from the House of Commons Environment Committee, Session 1989-90. HMSO, £2·95. ISBN 0 10 237290 X.

Hong Kong: Observations by the Government on the Second Report of the Foreign Affairs Committee, Session 1988-89. Cm 1082. HMSO, £2·55. ISBN 0 10 110822 2.

Hong Kong 1990: A Review of 1989. Hong Kong Government Information Services. £6·50. (HK$45·00.) ISBN 962 02 0080 2.

The Environment and the British Aid Programme (see p 206). Available free from the Overseas Development Administration, Room E918, Eland House, Stag Place, London SW1E 5DH.

Economic and Scientific Affairs

Bank of England. Report and Accounts 1990. Available free from the Bank of England, Threadneedle Street, London EC2R 8AH.

Bank of England. Banking Act Report 1989-90. Available free from the Bank of England, Threadneedle Street, London EC2R 8AH.

Invest in Britain Bureau Annual Report 1989-90 (see p 221). Department of Trade and Industry. Available free from the Invest in Britain Bureau, Kingsgate House, 66-74 Victoria Street, London SW1E 6SW.

The Community Charge and People Coming to Great Britain. COI, No 347/90.

Arrangements for Responding to Nuclear Emergencies. Health and Safety Executive. HMSO, £4. ISBN 0 11 885525 5.

Companies Investigations. Third Report of the House of Commons Trade and Industry Committee, Session 1989-90. Report and Minutes of Proceedings. HMSO, £23. ISBN 0 10 203690 X.

The 1989 Annual Report of the Comptroller-General of Patents, Designs and Trade Marks. The report notes that trade mark registrations, service mark applications and design registration applications all increased in 1989 compared with 1988, while applications to register patents fell slightly. Patent Office. HMSO, £8·30. ISBN 0 10 239990 5.

The Supply of Cinema Advertising Services: A Report on the Supply in the United Kingdom of Cinema Advertising Services. The report concludes that, although monopolies exist in favour of some cinema advertisers, they do not operate against the public interest. Monopolies and Mergers Commission. Cm 1080. HMSO, £7·50. ISBN 0 10 110802 8.

The Public Expenditure White Paper 1990. Third Report of the House of Commons Agriculture Committee, Session 1989-90. Report, together with the Proceedings of the Committee and Minutes of Evidence. HMSO, £5·25. ISBN 0 10 233090 5.

Grants to Aid the Structure of Agriculture in Great Britain. Seventeenth Report from the House of Commons Committee of Public Accounts, Session 1989-90. HMSO, £5·85. ISBN 0 10 215090 7.

Hill Livestock Compensatory Allowances. Government Response to the Fifth Report from the House of Lords Select Committee on the European Communities, Session 1989-90. Ministry of Agriculture, Fisheries and Food. HMSO, £1·35. ISBN 0 10 110842 7.

Government Observations on the Second Report from the Committee on Industrial and Commercial Gas Prices. Fourth Special Report of the House of Commons Energy Committee. Report and Appendices, together with the Proceedings of the Committee. HMSO, £3·10. ISBN 0 10 237090 7.

Coal Mining Subsistence Damage. Claimants' Rights: A Guide for Householders. Available free from the Department of Energy, 1 Palace Street, London SW1E 5HE.

Central London Bus and Coach Survey 1988. Transport Statistics Report. Department of Transport. HMSO, £16·50. ISBN 0 11 550963 1.

Environmental, Social and Cultural Affairs

Regional Policy Guidance, Structure Plans and the Content of Development Plans. Department of the Environment planning policy guidance note PPG 15. HMSO, £3. ISBN 0 11 752310 0.

Development on Unstable Land. Department of the Environment and Welsh Office. Planning policy guidance note PPG 14. HMSO, £3·50. ISBN 0 11 752300 3.

The Care of Redundant Churches. Richard Wilding. A review of the operation and financing of the Redundant Churches Fund, presented to the Department of the Environment and the Church Commissioners. The report concludes that in general the present system for handling redundant Church of England churches works well, but it makes some recommendations, including greater emphasis on keeping redundant churches in good repair while their future is being considered and consideration of an independent charitable trust to look after redundant churches not belonging to the Church of England. HMSO, £6·50. ISBN 0 11 752304 6.

Mortality Statistics: Accidents and Violence. A review by the Registrar-General on deaths attributed to accidental and violent causes in England and Wales in 1988. Office of Population Censuses and Surveys series DH4 no. 14. HMSO, £6·20. ISBN 0 11 691303 7.

Mortality Statistics: Cause. A review by the Registrar-General on deaths by cause, sex and age in England and Wales in 1988. Office of Population Censuses and Surveys series DH2 no. 15. HMSO, £9·40. ISBN 0 11 691304 5.

HIV and AIDS: An Assessment of Current and Future Spread in the UK. Department of Health and the Health Education Authority. Available free from Health Publication Unit, No 2 Site, Heywood Stores, Manchester Road, Heywood, Lancashire OL10 2PZ.

Problem Drug Use: A Review of Training. A report by the Advisory Council on the Misuse of Drugs. HMSO, £5·50. ISBN 0 11 340976 1.

The Implementation of the National Curriculum in Primary Schools: A Survey of 100 Schools. Autumn Term 1989. Second part of an exercise designed to monitor the progress of primary schools in carrying out the requirements of the National Curriculum in Key Stage 1 (5 to 7 years). Two-thirds of the work inspected in the core subjects (English, mathematics and science) was satisfactory. The first part of the exercise involved visits to 500 primary schools in the summer term 1989 (see p 484, 1989). Her Majesty's Inspectorate. Available free from the Department of Education and Science, Publications Despatch Centre, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.

Arts and Schools. This booklet, which emphasises the importance of the arts within the school curriculum, describes ways in which arts organisations can work with schools in England, Wales and Scotland to broaden learning. Available free from the Office of Arts and Libraries, Horse Guards Road, London SW1P 3AL.

Racial Attacks and Harassment. The Government Reply to the First Report from the Home Affairs Committee, Session 1989-90. The Reply acknowledges the limitations of existing statistical information on racial attacks, but notes that more work is currently being undertaken on the findings relating to ethnic minorities in the *British Crime Survey 1988* (HMSO, £10; ISBN 0 11 340965 6), which provided the first reliable national data on the incidence of racial harassment to be based on victim perception. It states that HM Inspectorate of Constabulary will step up its efforts in monitoring police forces' response to racial incidents, and that the Inspectorate and the Home Office will seek opportunities to develop and spread good practice throughout police forces in encouraging victims to report such incidents. It accepts the need for a reappraisal of police recruitment procedures in order to attract greater numbers from ethnic minority communities and emphasises the need to develop local multi-agency approaches to tackling racial incidents (see pp 285-6, 1989). Cm 1058. HMSO, £2·95. ISBN 0 10 110582 7.

A World of Learning: University Collections in Scotland. Laura Drysdale for the Scottish Museums Council. HMSO, £16·50. ISBN 0 11 494091 6.

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